CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 00560

Annual Report 2014

The Power of Stability and Growth

Contents

"Jointly Create Fortune
Jointly Enjoy Achievements"

Chu Kong Shipping Enterprises (Group) Co., Ltd. ("CKSG") is building a higher level platform by actively improving the four main networks of marketing, terminals, transportation and information system based on the strategic position of "Based in Hong Kong, Backed by the Mainland, Facing the World". CKSG strives to have insight into the overall situation, occupy leading market position and expand the business all over the world.

We believe that CKSG will jointly create rich fortune, jointly enjoy great achievements and grasp the future with its stakeholders on the connected big arena of "Hong Kong, Mainland and the World".

Financial Highlights

		2014	2013	Change
Results				
Revenue	*HK$ Million*	1,828.9	1,619.3	12.9%
Operating profit	*HK$ Million*	208.9	184.6	13.2%
Profit attributable to the equity holders of the Company	*HK$ Million*	221.3	190.9	15.9%
Operating profit margin	*(%)*	11.4	11.4	–

		2014	2013	Change
Financial Position				
Total assets	*HK$ Million*	3,734.0	3,517.3	6.2%
Total liabilities	*HK$ Million*	1,287.1	1,251.0	2.9%
Total equity	*HK$ Million*	2,446.9	2,266.4	8.0%
Cash and cash equivalents	*HK$ Million*	533.1	601.0	–11.3%
Current ratio		1.0	1.1	–9.1%
Debt ratio	*(%)*	34.5	35.6	–3.1%

Corporate Information

Non-executive Director

Mr. Liu Weiqing (Chairman)
Mr. Hu Jiahong
Mr. Zhang Lei

Independent Non-executive Director

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Executive Committee

Mr. Liu Weiqing
Mr. Xiong Gebing
Mr. Zeng He
Mr. Cheng Jie

Audit Committee

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Auditor

PricewaterhouseCoopers

Principal Banks

Bank of China (Hong Kong)
Nanyang Commercial Bank
Bank of East Asia
China Citic Bank International
Bank of Communications

Registrar

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Executive Director

Mr. Xiong Gebing (Managing Director)
Mr. Zeng He
Mr. Cheng Jie

Company Secretary

Ms. Cheung Mei Ki Maggie

Nomination Committee

Mr. Liu Weiqing
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Remuneration Committee

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing
Mr. Xiong Gebing

Registered Office

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We Believe in Our Missions

Business Location

Chairman's Statement

We believe in Our Missions

Chairman's Statement

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

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

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

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

River Delta. Fourthly, the Group has accelerated the construction and promoted the capacity of our terminals. We have been endeavoring to receive qualification of foreign trade port for Zhongshan Huangpu Port which has entered into the final inspection stage. We have been progressively undergoing the expansion work of Gaoming Port and Sanbu Port, etc., increasing the development potential of the terminals. By improving service functions of the terminals, we have achieved steady growth in terminal throughput volume, in which the container handle volume of Gaoming Port, Sanbu Port and Heshan Port has increased 15.2%, 16.2% and 25.8% year-on-year, respectively. Fifthly, the Group has adopted new collaboration model to promote development quality. We have enhanced the cooperation between Chu Kong Transhipment & Logistics Company Limited and the terminals, achieving synergic effect, and respectively introduced four domestic liner services between Shunde Beijiao, Zhuhai Doumen, etc., and West Shenzhen Ports. Zhongshan Huangpu Port and Zhaoqing New Port have introduced various liner companies, stabilising the source of cargo.

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

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

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

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

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

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

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

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

Liu Weiqing
Chairman

Hong Kong, 19th March 2015

Management Discussion and Analysis

We strive for corporate synergy

REVIEW OF OPERATIONS

For the year ended 31st December 2014, the Group recorded a consolidated revenue of HK$1,828,912,000, up by 12.9% as compared with the corresponding period last year. Profit attributable to shareholders of the Company was HK$221,268,000, up by 15.9% as compared with the corresponding period last year.

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

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

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

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

1. Freight Business

Capitalising on the advantages of its resources, the Group continued to improve its operation efficiency during the year, with increases recorded in 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	**2014**	2013	Change
Cargo transportation volume			
Container transportation volume (TEU)	**1,305,442**	1,163,338	12.2%
Break bulk cargoes transportation volume (revenue tons)	**341,337**	346,120	–1.4%
Cargo handling volume			
Container handling volume (TEU)	**1,305,140**	1,150,839	13.4%
Volume of break bulk cargoes handled (revenue tons)	**1,612,638**	1,484,629	8.6%
Volume of container hauling and trucking on land (TEU)	**224,496**	205,006	9.5%

II. Subsidiaries

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

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

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

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

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

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

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

III. Investment in Joint Ventures and Associates

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

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

2. Passenger Transportation Business

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

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

I. Business Operation Indicators

Performance statistics of the major business operations are as follows:

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

II. Investment in Joint Ventures and Associates of CKPT

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

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

3. Other Businesses

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

FINANCIAL REVIEW

Review of Financial Results

The Group recorded a profit attributable to equity holders of the Company of HK$221,268,000 in 2014, representing an increase of HK$30,350,000 or 15.9%, as compared with last year, details of which are as follows:

	2014 HK$'000	2013 HK$'000	Change HK$'000
Net operating profit*	**136,722**	111,894	24,828
Share of profits less losses of joint ventures and associates	**84,546**	79,024	5,522
Profit attributable to equity holders of the Company	**221,268**	190,918	30,350

* 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 2014 increased by HK$5,522,000 or 7.0% from last year to HK$84,546,000. Among these, profit after taxation attributable to freight business was HK$38,048,000 and profit after taxation attributable to passenger transportation business was HK$46,490,000.

DIVIDENDS

To align with our mission to share our successes with our shareholders, the Group has maintained a consistent dividend payout policy. With reference to the current cash and cash equivalents, the total dividends in 2014 was HK$0.08, which was the highest record while the percentage of total dividends over the profit attributable to equity holders of the Company ("Dividend Coverage") decreased as compared with prior year. The Group's Dividend Coverage in the past five years was as follows:

	Dividends per share HK$	**Total dividends** HK$'000	**Profit attributable to equity holders of the company** HK$'000	**Dividend Coverage**
2010	0.060	54,000	160,086	33.73%
2011	0.035	31,500	146,819	21.45%
2012	0.045	40,500	135,825	29.82%
2013	0.075	67,500	190,918	35.36%
2014	0.080	72,000	221,268	32.50%

Dividends per share for 2014 included a proposed final dividend of HK$0.06 per share.

EMPLOYEES

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

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

Notes:

1. The bank loan in Hong Kong was bearing floating interest rate and unsecured.

2. The bank loan in China was bearing floating interest rate and secured by land use right of Zhongshan Huangpu Port in 2014. The bank loan in China was bearing floating interest rate and secured by certain land use rights and property, plant and equipment of Zhaoqing New Port in 2013.

EXCHANGE RISK

Currently, the ordinary operations and investments of the Group are concentrated in Guangdong Province and Hong Kong, with operating revenue and expenditure mainly denominated in HKD, as well as in RMB and USD. RMB revenue from Mainland China may be used for payment of expenses and loan repayments of the Group which are denominated in RMB and 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.

CURRENCY STRUCTURE

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

	Amount	**Percentage**
	HK$'000	%
HKD	208,762	39.1
RMB	284,001	53.3
USD	36,654	6.9
Macau pataca	3,724	0.7
EURO	4	0.0
	533,145	100.0

CAPITAL COMMITMENTS

Details of capital commitments of the Group and the Company are set out in note 33(a) to the financial statements.

The Group has sufficient financial resources, which include cash and cash equivalents, cash from operating activities and available banking facilities, for the payment of capital commitments.

FINANCIAL MANAGEMENT AND CONTROL

The Group consistently adopted a prudent financial policy. Fund management, financing and investment activities were all undertaken and monitored by the central management of the Company.

Given the characteristics of the core business of the Group, emphasis of routine financial control is placed on the management of working capital, particularly the timely receipts of trade receivables. As at 31st December 2014, net trade receivables of the Group amounted to HK$211,313,000, representing an increase of 16.8% as compared with last year, of which 90.5% of trade receivables was aged within 3 months. The exposure to bad debts was controlled at a comfortable level.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed in this annual report, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the year ended 31st December 2014.

SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, there was no significant investment held by the Group for the year ended 31st December 2014.

CONTINGENT LIABILITIES

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

CORPORATE STRATEGIES AND PROSPECTS

It is the Company'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 Company will continue to strive for building up regional core terminals in response to market demand, enhance appropriately the investment and development of storage 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 2015, it is expected that the global economy will experience moderate growth, the US's economy will further improve, whereas the recovery for the EU and Japanese economy will be slow. The recovery of the global economy still relies very much on the driving force of the emerging economies, especially in the Asian regions. Under the effects of favorable conditions such as the pulling forces from the service industry, 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 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.

Report of the Directors

The directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company's principal business is investment holdings, focusing mainly on two major fields of terminal shipping logistics and the water-way high-speed passenger transportation. The Group establishes its freight industry based on a number of freight terminal enterprises in Guangdong and Hong Kong, and mainly engages in cargo canvassing, feeder transportation, vessel agency, wharf handling, warehousing and storage, which provide a perfect supply chain of terminal and shipping logistics. Another major business of the Group, the water-way high-speed passenger transportation that is based on Guangdong, Macau and Hong Kong, has developed into the largest operations agent of ferry transportation. The principal activities of its subsidiaries, joint ventures and associates are set out in notes 10 and 11 to financial statements.

There were no other significant changes in the principal activities of the Group during the year.

An analysis of the Group's performance for the year by operating segments and geographical locations is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31st December 2014 are set out on page 62 of the annual report. The interim dividend declared during the year was HK2 cents per ordinary share, totalling HK$18,000,000 and was already paid on 31st October 2014. The directors have proposed a final dividend of HK6 cents per ordinary share for the year, totalling HK$54,000,000 to shareholders whose names appeared on the register of members on 5th June 2015.

FINANCIAL SUMMARY

A summary of the financial information of the Group for the last five financial years is set out on page 144 of the annual report. This summary does not form part of the audited financial statements

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group and the Company are set out in notes 6 and 7 to the financial statements respectively.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 16 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in note 17 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of Hong Kong Companies Ordinance, amounted to HK$869,219,000 of which HK$54,000,000 has been proposed as final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's sales to the five largest customers and purchases from the five largest suppliers accounted for less than 30% of the Group's revenue and purchases for the year respectively.

DIRECTORS

The directors of the Company were as follows:

Non-executive Directors:

Mr. Liu Weiqing (Chairman)
Mr. Hu Jiahong (appointed on 1st March 2014)
Mr. Zhang Lei
Mr. Yu Qihuo (resigned on 1st March 2014)

Executive Directors:

Mr. Xiong Gebing (Managing Director)
Mr. Zeng He (appointed on 1st March 2014)
Mr. Cheng Jie (appointed on 1st March 2014)
Mr. Huang Shuping (resigned on 1st March 2014)

Independent Non-executive Directors:

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

In accordance with the Articles of Association of the Company, Mr. Liu Weiqing, Mr. Chan Kay-cheung and Ms. Yau Lai Man shall retire by rotation and, being eligible, Mr. Liu Weiqing, Mr. Chan Kay-cheung and Ms. Yau Lai Man shall offer themselves for re-election at the forthcoming annual general meeting.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

During the year ended 31st December 2014, there did not exist any arrangement to which the Company or any of its subsidiaries, the Company's holding company or any of its subsidiaries is a party, being an arrangement whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into letters of appointment with all current directors for a fixed term of three years, but are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without compensation other than statutory compensation

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Details of the directors' and senior management's biographies are set out on pages 39 to 43 of this annual report.

DIRECTORS' AND EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

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

At no time during the year, the directors and executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations required to be disclosed pursuant to the SFO.

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the directors and executives of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its holding company or any of the subsidiaries of its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31st December 2014, as recorded in the register required to be kept under Section 336 of the SFO, the following shareholders are interested or deemed to be interested in 5% or more of the Company's share capital:

Ordinary shares of the Company	Number of Shares	Percentage of shareholding
(i) Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	648,218,000	72.02
(ii) Guangdong Province Navigation Group Company Limited ("GNG")	648,218,000	72.02

CKSE is wholly owned by GNG. Accordingly, the interests disclosed by parties (i) and (ii) above are in respect of the same shareholding.

Save as disclosed above, as at 31st December 2014 the Company has not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, no director of the Company has any interest in other competing businesses.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, it is confirmed that there is sufficient public float of no less than 25% of the Company's issued shares as of the date of this report.

CONNECTED TRANSACTIONS

Details of connected transactions with parent company, immediate holding company, fellow subsidiaries and related entities are as follows:

I. Connected Transaction

Acquisition Agreement

On 14 April 2014, Civet (Zhuhai Bonded Area) Logistics Company Limited ("the Purchaser"), an indirectly non-wholly owned subsidiary of the Company, and Civet (Zhuhai Bonded Area) Container Company Limited ("the Vendor") entered into an acquisition agreement ("the Agreement") pursuant to which, subject to the terms thereof, the Purchaser agreed to purchase and the Vendor agreed to sell the buildings with respective land use rights of a parcel of land situated at 洪灣港 (Hongwan Port), Zhuhai City, Guangdong Province, the PRC ("the Land") (a total site area of 100,932 square metres) and ancillary structures and facilities erected on the Land for RMB159,400,000.

The Vendor is an indirectly wholly-owned subsidiary of the ultimate shareholder of Civet Zhuhai Investment Company Limited ("Civet Investment") and Civet Investment is a substantial shareholder of the Purchaser, an indirectly non-wholly owned subsidiary of the Company. Thus, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. The Management Agreement constitutes a connected transaction and is subject to the reporting, announcement and independent shareholders' approval requirements. It was approved by the independent shareholders at the Extraordinary General Meeting held on 27th May 2014.

The Agreement shall become effective upon satisfaction of the conditions stated therein.

II. Continuing Connected Transactions

1. Master Ferry Technical Support Agency Services Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service recipient entered into a master ferry technical support agency services agreement (the "Master Ferry Technical Support Agency Services Agreement") with GNG, the Company's parent company, on behalf of the GNG Group, as a service provider in respect of the provision of the ferry technical support agency services to the ferries operated and owned by the parties in which any member of the GNG Group is acting as agent and/or sub-agent (the "Relevant Ferries") from time to time.

The term of the Master Ferry Technical Support Agency Services Agreement is three years from 1st January 2013 to 31st December 2015 at the service fee for the provision of the ferry technical support agency services which were agreed from time to time after arm's length negotiation between the parties involved by taking reference to the prevailing market rate. The annual caps of the Master Ferry Technical Support Agency Services Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$7,000,000, HK$7,300,000 and HK$7,700,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$7,295,000.

2. Master Ferry Terminal Luggage Facilities And Handling Services Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service recipient entered into a master ferry terminal luggage facilities and handling services agreement (the "Master Ferry Terminal Luggage Facilities and Handling Services Agreement") with GNG, the Company's parent company, on behalf of the GNG Group, as a service provider in respect of the provision of ferry terminal luggage facilities and handling services to any member of the Group. The provision of the ferry terminal luggage facilities includes the provision of such facilities at the relevant terminals, which allows the passengers departing from and arriving in Hong Kong at the relevant terminals to check-in and/or claim their luggage at the relevant terminals. The provision of luggage handling services include the operation, maintenance and repairing of the luggage handling system and equipment situated at the relevant terminals, and the provision of luggage handling services and berthing services to all passenger ferries using the relevant terminals.

The term of the Master Ferry Terminal Luggage Facilities and Handling Services Agreement is three years from 1st January 2013 to 31st December 2015 at the service fee for the provision of the ferry terminal luggage facilities and handling services which comprise (a) the passenger levy (which is based on the number of passengers departing from and arriving in the relevant terminals); and (b) luggage handling charges (which is based on the number of luggage handled at the relevant terminals). The passenger levy and the luggage handling charges were agreed from time to time after arm's length negotiation between the parties involved by taking reference to the prevailing rate chargeable against other ferry service carriers for other routes at the same relevant terminals at the relevant time. The annual caps of the Master Ferry Terminal Luggage Facilities and Handling Services Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$8,500,000, HK$9,200,000 and HK$9,900,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$7,207,000.

3. Master Fuel Charge Agreement

On 6th November 2012, the Company, on behalf of the Group, as a purchaser entered into a fuel charge agreement (the "Master Fuel Charge Agreement") with GNG, the parent company of the Company, on behalf of the GNG Group, as a vendor in respect of supplying diesel and lubricants to the vessels owned or chartered by the Group in Hong Kong.

The term of the Master Fuel Charge Agreement is three years from 1st January 2013 to 31st December 2015 at the price of the diesel and lubricants which was based on arm's length negotiation between the parties involved with reference to the international oil price. The annual caps of the Master Fuel Charge Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$110,000,000, HK$150,000,000 and HK$190,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$80,460,000.

4. Master IT Services Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service recipient entered into a IT services agreement (the "Master IT Services Agreement") with GNG, the Company's parent company, on behalf of the GNG Group, as a service provider in respect of the provision of IT consultancy services; server custodian services; maintenance services; and PTMS services to any member of the Group.

The term of the Master IT Services Agreement is three years from 1st January 2013 to 31st December 2015 at the fee for the provision of the IT services based on the usage amount for the IT Services, and were agreed from time to time after arm's length negotiation between the parties involved by taking reference to the prevailing market price. The annual caps of the Master IT Services Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$8,700,000, HK$9,100,000 and HK$9,500,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$7,200,000.

5. Master Passenger Transportation Agency Services Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service provider entered into a passenger transportation agency services agreement (the "Master Passenger Transportation Agency Services Agreement") with GNG, the Company's parent company, on behalf of the GNG Group, as a service recipient in respect of appointing any member of the Group as their exclusive agent/sub-agent in connection with their water-way passenger transport business in Hong Kong to from time to time provide the passenger transportation agency services to (a) the ferries operated and owned by the GNG Group; and/or (b) the Relevant Ferries.

The term of the Master Passenger Transportation Agency Services Agreement is three years from 1st January 2013 to 31st December 2015 at the passenger transportation agency fee which were agreed from time to time after arm's length negotiation between the parties involved by taking reference to the prevailing market rate. The annual caps of the Master Passenger Transportation Agency Services Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$12,500,000, HK$13,500,000 and HK$14,500,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$9,909,000.

6. Master Rental Agreement

On 6th November 2012, the Company, on behalf of the Group, as a lessee entered into a rental agreement (the "Master Rental Agreement") with GNG, the parent company of the Company, on behalf of the GNG Group, as a lessor in respect of leasing premises to the Group to be used as warehouses, offices, car parks and staff quarters.

The term of the Master Rental Agreement is three years from 1st January 2013 to 31st December 2015 at the rent in respect of the leasing of the premises which was based on arm's length negotiation between the parties involved with reference to the prevailing market rental. The annual caps of the Master Rental Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$21,300,000, HK$21,600,000 and HK$22,100,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$13,897,000.

7. Master Sub-baggage Handling Services Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service provider entered into a master sub-baggage handling services agreement (the "Master Sub-baggage Handling Services Agreement") with GNG, the Company's parent company, on behalf of the GNG Group, as a service recipient in respect of the provision of baggage handling services direct to all ferry service carriers who stop their ferries at the relevant terminals for passengers departing from and arriving in Hong Kong at the relevant terminals to the GNG Group.

The term of the Master Sub-baggage Handling Services Agreement is three years from 1st January 2013 to 31st December 2015 at the baggage handling charges which were agreed from time to time after arm's length negotiation between the parties involved by taking reference to the amount of the handling charges received by the GNG Group from all ferry service carriers. The annual caps of the Master Sub-baggage Handling Services Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$11,000,000, HK$12,000,000 and HK$13,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$11,362,000.

8. Master Transportation Agreement

On 6th November 2012, the Company, on behalf of the Group, as a service recipient entered into a transportation agreement (the "Master Transportation Agreement") with GNG, the parent company of the Company, on behalf of the GNG Group, as a service provider in respect of the provision of (a) shipping transportation services, (b) hauling and trucking services; (c) wharf cargo handling services; and (d) cargo agency services between Hong Kong and the PRC to the Group.

The term of the Master Transportation Agreement is three years from 1st January 2013 to 31st December 2015 at the services fees to be determined based on the destination of transportation, size of the cargo, weight of the cargo and the number of cargo after arm's length negotiation between the parties involved. The annual caps of the Master Transportation Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$63,000,000, HK$68,000,000 and HK$76,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$67,601,000.

9. Master Vessels Leasing Agreement

On 6th November 2012, the Company, on behalf of the Group, as a lessor entered into a vessels leasing agreement (the "Master Vessels Leasing Agreement") with GNG, the parent company of the Company, on behalf of the GNG Group, as a lessee in respect of leasing cargo vessels to the GNG Group.

The term of the Master Vessels Leasing Agreement is three years from 1st January 2013 to 31st December 2015 at the rent in respect of the leasing of cargo vessels which was based on the carrying capacity and the number of years of usage of each cargo vessel, the number of cargo vessels and related expenses for operating the cargo vessels. The rental was based on arm's length negotiation between the parties involved with reference to the prevailing market rental of cargo vessels and the cost of related expenses for operating the cargo vessels but other than fuel charge. The annual caps of the Master Vessels Leasing Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$2,900,000, HK$3,000,000 and HK$3,100,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$2,701,000.

10. Master Vessels Rental Agreement

On 6th November 2012, the Company, on behalf of the Group, as a lessee entered into a vessels rental agreement (the "Master Vessels Rental Agreement") with GNG, the parent company of the Company, on behalf of the GNG Group, as a lessor in respect of (a) leasing the GNG Group's cargo vessels to the Group; and (b) the provision of non-scheduled vessel space or charter vessels for transportation of cargo between the PRC and Hong Kong to the Group.

The term of the Master Vessels Rental Agreement is three years from 1st January 2013 to 31st December 2015 at the rent in respect of the leasing of cargo vessels which was determined with reference to the prevailing market rental of cargo vessels and the cost of related expenses for operating the cargo vessels but other than fuel charge, while the service fees in respect of the provision of non-scheduled vessel space or charter vessels were based on the cargo space and the destination of transportation. The rental and services fee were based on arm's length negotiation between the parties involved. The annual caps of the Master Vessels Rental Agreement for the years ended 31st December 2013, 2014 and 2015 are HK$31,000,000, HK$34,000,000 and HK$37,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$30,461,000.

11. Management Agreement

On 20th June 2011, the Company, as a service provider entered into a management agreement which was expired on 30th June 2014 and renewed on 25th June 2014, with CKSE, the Company's immediate holding company, as a service recipient in respect of the provision of management services for the assets of CKSE (the "Management Agreement").

The term of the Management Agreement was 3 years from 1st July 2011 to 30th June 2014 and the renewed agreement is 3 years from 1st July 2014 to 30th June 2017, and the management fees were determined after arm's length negotiation between the parties with reference to the value of the assets concerned. The annual caps of the Management Agreement for the years ended 31st December 2014, 2015, 2016 and 2017 are HK$30,000,000, HK$30,000,000, HK$30,000,000 and HK$15,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2014 was HK$28,632,000.

The above items (1) to (2), (4) to (7) and (9) to (11) were continuing connected transactions subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement while items (3) and (8) were continuing connected transactions subject to the reporting, announcement requirement and the independent shareholders' approval requirements which were approved by the independent shareholders at the Extraordinary General Meeting held on 18th December 2012.

The aforesaid continuing connected transactions have been reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that these connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable in the interests of the shareholders of the Company as a whole; and (d) without exceeding the relevant cap amount disclosed in the previous announcements.

Part of the related party transactions disclosed in Note 35 to the Financial Statements are connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules and the Company has complied with the requirements under the said Chapter.

The board of directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions set out above in accordance with Listing Rule 14A.38 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The auditors have confirmed that the aforesaid continuing connected transactions: (1) have been approved by the board of directors; (2) were in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group; (3) were entered into, in all material respects in accordance with the relevant agreement governing the transactions; and (4) have not exceeded the cap. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER OR ITS SUBSIDIARIES

Save as disclosed in this annual report, there did not exist any contract of significance between the Company, or one of its subsidiaries and a controlling shareholder or any of its subsidiary during the year ended 31st December 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the 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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors, the Company complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the accounting period covered by this annual report. Please refer to the Corporate Governance Report on pages 44 to 56 of this annual report.

ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct prescribing standards and requirements no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The directors have complied with such code of conduct during the accounting period covered by this annual report.

WARRANTS

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

EXECUTIVE COMMITTEE

The Company has established an executive committee to approve and enter into transactions on behalf of the board in respect of any investment project or other day-to-day business operations within an authorised limit. Members of the committee shall be chairman of the board or/and executive directors of the Company and the committee has written terms of reference.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, internal controls and corporate governance. The committee comprises three independent non-executive directors of the Company. The committee meets at least twice a year and has written terms of reference.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with the Listing Rules to formulate the remuneration policy of the Company and determine the remunerations for the executive directors and senior management. The committee comprises three independent non-executive directors and one executive director of the Company. The committee meets at least twice a year and has written terms of reference.

NOMINATION COMMITTEE

The Company had established a nomination committee in compliance with the Listing Rules for proposing nomination of directors and senior management to the board. Members of the committee shall be directors of the Company and the number of which shall not be less than three, with a majority of independent non-executive directors. The committee has written terms of reference.

AUDITOR

PricewaterhouseCoopers retired on expiry of its term. Resolution to re-appoint PricewaterhouseCoopers as the auditor will be proposed at the forthcoming AGM.

BY ORDER OF THE BOARD

Xiong Gebing
Managing Director
Hong Kong, 19th March 2015

Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Liu Weiqing, aged 57, was appointed as chairman of the board and non-executive director of the Company on 20th June 2011 and is responsible for strategic planning and decision making of the Group. Mr. Liu graduated from Guangdong Communication Polytechnic in 1977, obtained a Master Degree in Engineering from The Changsha University of Science and Technology in 2003 and has worked in transportation sectors for more than 38 years. Mr. Liu was the deputy secretary of Guangdong Province Highway Transportation Authority from 1993 to 1995, the chairman and general manager of Kee Kwan Motor Road Co., Ltd. from 1996 to 2000, director and deputy general manager of Guangdong Communication Group Co., Ltd. from 2000 to 2006, director and general manager of GNG from 2006 to 2008. Mr. Liu was appointed as chairman and legal representative of GNG in January 2008 and the director of CKSE in February 2008.

Mr. Hu Jiahong, aged 60, graduated from the Beijing University of Economics, majoring in modern economy management, an assistant economist. He was appointed as non-executive director of the Company on 1st March 2014 and participates in strategic planning and decision making of the Group. Mr. Hu was the deputy general manager of the Company from June 2012 to February 2014. He worked successively in Guangdong and Hong Kong shipping companies for more than 30 years and acted as a teacher in Guangdong Province Shipping School in 1983; chief officer of organisation division of Guangdong Navigation Administration Bureau and manager of the integrated department of Guangdong Province Navigation Company in 1988; head of Shilong Harbour Bureau, Guangdong Province in 1995; deputy general manager of the development department of CKSE in 1997; deputy general manager of the Company in 1998; general manager of the development department of CKSE in 2000; general manager of Guangdong Zhujiang Navigation Co., Ltd. in 2006. He is currently the chairman of Guangdong Zhujiang Shipping Co., Ltd., director of CKSE and Guangzhou Yinggang Real Estate Co., Ltd.

Mr. Zhang Lei, aged 50, was appointed as non-executive director of the Company on 20th June 2011 and participates in strategic planning and decision making of the Group. Mr. Zhang graduated from the School of Communication, South China University of Technology, majoring in shipping machinery. Mr. Zhang has worked in the marine industry sector since 1986, and was appointed as assistant general manager and deputy general manager of Guangdong New China Shipyard Ltd. from July 1996 to October 2000, managing director of the same company from November 2000 to April 2007, the chairman of the same company from April 2007 to November 2010. Mr. Zhang has been appointed as director of CKSE, chairman of Yuet Hing Marine Supplies Co., Ltd and Chu Kong Group Shipyard Co. Ltd since February 2011. Mr. Zhang has over 29 years of experience in marine industry management.

Mr. Yu Qihuo, aged 62, was appointed as non-executive director of the Company on 20th June 2011 and participates in strategic planning and decision making of the Group. Mr. Yu resigned on 1st March 2014. Mr. Yu has worked in the shipping sector since 1971, and was appointed as manager of the Built Factory of Guangdong Boyun Co. from March 1998 to March 1999, held senior management position with the same company from March 1999 to March 2000 and was appointed as the general manager of the management department of GNG from March 2000 to March 2009. He was also the deputy managing director of CKSE. Mr. Yu graduated from Guangdong Institute of Public Administration and has over 44 years of experience in navigation logistics, human resources and administration management.

EXECUTIVE DIRECTORS

Mr. Xiong Gebing, aged 49, has been appointed as the managing director of the Company since 3rd May 2013 (appointed as an executive director of the Company on 1st January 2013) and is responsible for operational development of the Group. Mr. Xiong graduated from South China University of Technology (Internal Combustion Engine Engineering Specialty) in 1988 with a bachelor degree. Mr. Xiong was the deputy general manager of the Company from October 2011 to May 2013. Mr. Xiong joined the vessel engineering and the international trade sectors in 1988, and worked as the deputy managing director of Guangdong Shipbuilding Industry Import & Export Corporation from 2001 to 2007, the deputy managing director of Guangdong New China Shipyard Ltd. from 2007 to 2009, the deputy managing director of Chu Kong Group Shipyard Co., Ltd. from 2009 to 2010 and the managing director of the same company from 2010 to 2011. Currently, Mr. Xiong is also director of CKSE and the chairman of CKPT, Chu Kong Shipping (Guangdong) Logistics Company Limited, Hong Kong International Airport Ferry Terminal Services Limited and Guangzhou Yinggang Real Estate Co., Ltd.. Mr. Xiong has 26 years of experience in vessel engineering and trading.

Mr. Zeng He, aged 49, graduated successively from the Guangdong Communication Polytechnic, majoring in coastal navigation and Dalian Maritime University, majoring in economy management. He has joined the navigation business sector since 1987, with 28 years related working experience. Mr. Zeng was appointed as executive director of the Company on 1st March 2014 and as deputy general manager, as well as the safety representative, of the Company since June 2013 and is responsible for the passenger transport business of the Company and in charge of the Macau Branch Office of CKPT. Mr. Zeng is currently the director of CKPT, Zhuhai High-speed Passenger Ferry Co., Ltd. and Jiangmen Hong Kong Macau Joint Passenger Transportation Co., Ltd., the vice-chairman of Zhongshan Passenger Terminal, Doumen-Hong Kong Passenger Transportation Integrated Co., Ltd. and Foshan Nanhai Pinggang Passenger Transportation Co., Ltd., as well as the chairman of Macau Branch Office of CKPT, Chu Kong High-Speed Ferry Company Limited, Cotai Chu Kong Shipping Management Services (Macau) Co., Ltd., Shunde Passenger Terminal and Shenzhen Airport Hi-speed Passenger Transport Co., Ltd. Mr. Zeng worked successively as the deputy general manager and director and managing director of Sun Kong Petroleum Company Limited and China Hong Kong Macau Duty Free Goods Limited from 2005 to 2010 and the deputy general manager and general manager of human resources department of GNG from 2010 to 2013.

Mr. Cheng Jie, aged 45, was appointed as executive director and deputy general manager of the Company on 1st March 2014, responsible for investment, capital operation and information engineering. Mr. Cheng graduated successively from Shanghai Maritime University (formerly Shanghai Maritime College) with a bachelor degree of international economic and South China University of Technology with an executive master degree in business administration. He has joined the navigation, logistics and corporation management sectors since 1992, with 23 years related working experience. Mr. Cheng worked successively as the deputy general manager and director and managing director of CKTL from 1999 to 2005, deputy general manager and general manager of development department of GNG from 2005 to 2007, managing director of Guangdong Guanghang Navigation Co., Ltd. from 2007 to 2009 and managing director of Guangdong Zhujiang Navigation Co., Ltd. from 2009 to 2013. Mr. Cheng is currently the chairman of Chu Kong Maritime Consultant Co., Ltd., Chu Kong Shipping (Guangdong) Investment Limited, Guangzhou Nansha Chu Kong Terminal Company Limited and Chu Kong Infrastructure Investment Limited, as well as vice chairman of Guangzhou-Foshan Expressway Ltd.

Mr. Huang Shuping, aged 50, was appointed as executive director of the Company on 1st November 2006 and was appointed as deputy general manager of the Company on 20th June 2011, responsible for investment, development and capital operation. Mr. Huang resigned on 1st March 2014. Mr. Huang was the deputy managing director of CKSE, director of Guangzhou Nansha International Logistics Park Development Co., Ltd, the chairman of Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd., as well as the chairman of Chu Kong Culture Media Company Limited, Connect Media Company Limited, Chu Kong Shipping (Guangdong) Investment Limited and Guangzhou Nansha Chu Kong Terminal Company Limited, vice chairman of Guangzhou-Foshan Expressway Ltd., and director of Chu Kong Maritime Consultant Company Limited. He has over 30 years of experience in transportation sectors. Mr. Huang graduated from Nanjing College of Navigation Engineering, majoring in port sea routes. He also acquired a postgraduate certificate in economics from Guangdong Academy of Social Sciences. Mr. Huang also holds qualification certificates of marine works engineer and financial economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay-cheung, FHKIB. Aged 68, is a senior advisor of The Bank of East Asia, Limited, vice chairman of The Bank of East Asia (China) Limited and chairman of Shaanxi Fuping BEA Rural Bank Corporation. Mr. Chan was an executive director and deputy chief executive of The Bank of East Asia, Limited. Mr. Chan joined The Bank of East Asia, Limited in 1965 and possesses extensive knowledge and experience in the banking industry. Mr. Chan is a fellow member of the Hong Kong Institute of Bankers, a member of the Process Review Committee for the oversight of Hong Kong Monetary Authority, a member of the Clearing and Settlement Systems Appeals Tribunal, a member of the Committee of Overseers of Lee Woo Sing College, The Chinese University of Hong Kong, a member of The China Unionpay International Advisory Group and an international senior economic consultant of The People's Government of Shaanxi Province. Mr. Chan is also an independent non-executive director of China Electronics Corporation Holdings Company Limited, Dah Chong Hong Holdings Limited, Hong Kong Food Investment Holdings Limited and SOCAM Development Limited. Mr. Chan was appointed as independent non-executive director of the Company in April 1998.

Ms. Yau Lai Man, aged 51, was appointed as independent non-executive director on 1st January 2005. Ms. Yau graduated from The University of Warwick in the United Kingdom with a master degree in business administration. Ms. Yau is also a member holding Practising Certificate of the Hong Kong Institute of Certified Public Accountants. Ms. Yau is also a member of the Institute of Chartered Accountants in England & Wales. She has over 24 years auditing and commercial experiences. Ms. Yau presently is the financial controller and company secretary of Essex Bio-Technology Limited listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Chow Bing Sing, aged 65, was appointed as independent non-executive director of the Company on 1st June 2010. Mr. Chow graduated as a bachelor of social sciences at the University of Hong Kong in 1974. He worked as a social worker in his early career years and later joined the aviation industry. He had held senior management positions with the Civil Aviation Department of the Government of Hong Kong and the Airport Authority Hong Kong and has over 30 years of experience in aviation and logistics sectors. Mr. Chow is not only the chartered member of the Hong Kong Chartered Institute of Logistics and Transport and the member of the Hong Kong Logistics Association but also the Chairman of the Advisory Committee of the Logistics Research Centre of the Hong Kong Polytechnic University.

SENIOR MANAGEMENT

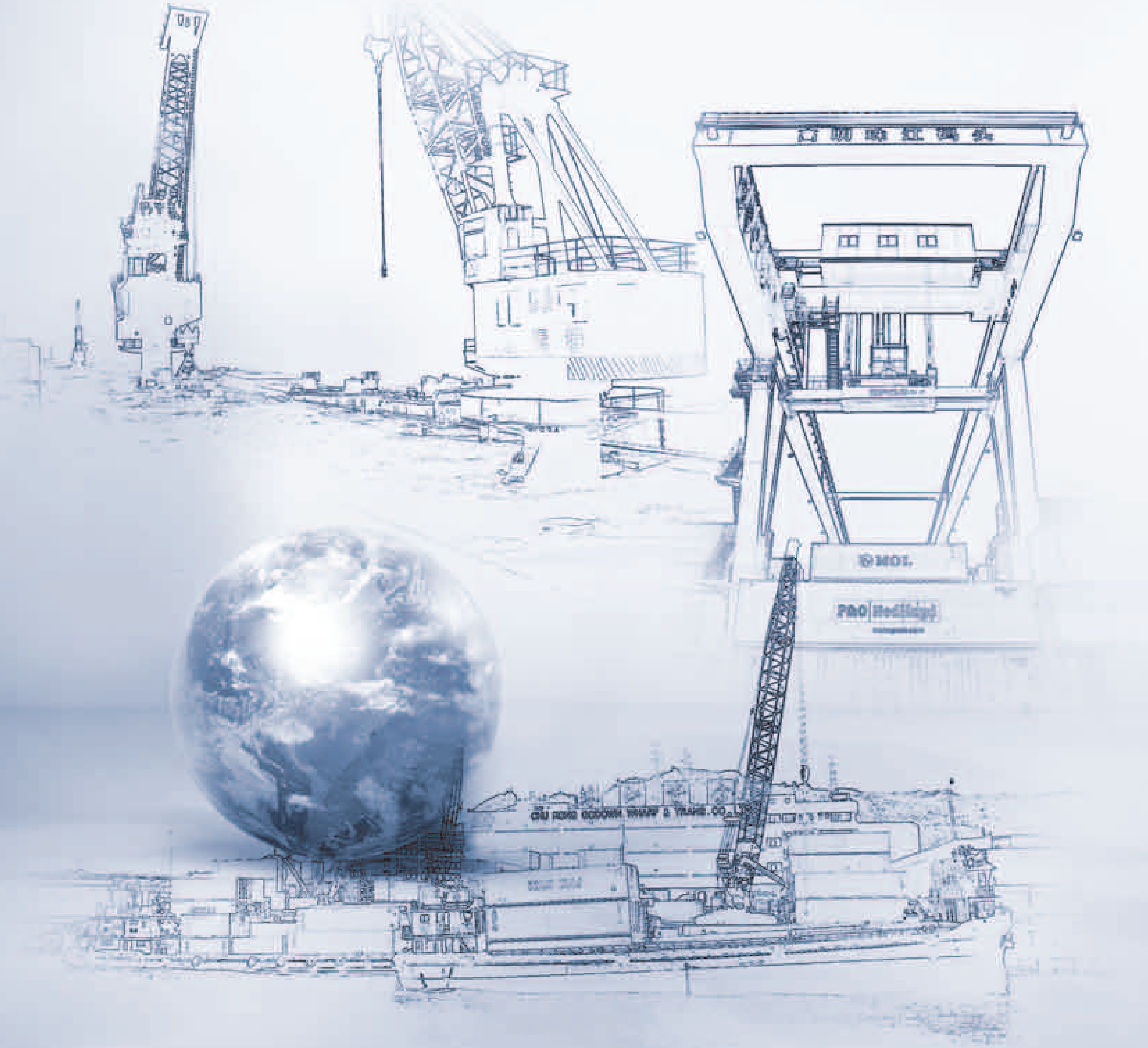
Mr. Li Zhijie, aged 53, graduated from the Shanghai Maritime University, majoring in water transportation management, an assistant economist. He has been appointed as deputy general manager of the Company and director and general manager of Chu Kong Shipping (Guangdong) Logistics Company Limited since June 2012, responsible for logistics professional operation. Mr. Li worked successively in Guangdong and Hong Kong shipping companies for more than 30 years and acted as deputy general manager of CKTL and general manager of Guangdong Hong Kong & Macau Freight Transport Trust Company in 1992; deputy managing director of CKSE in 2001; deputy general manager and general manager of the strategy development department of GNG in 2007. Currently, Mr. Li is also the chairman of CKTL, Chu Kong Logistics (Singapore) Pte. Ltd., Chu Kong (Guangdong) International Freight Forwarding Co., Ltd., Chu Kong River Trade Terminal Co., Ltd., Nansha Freight (Hong Kong) Limited, Guangzhou Nansha Economic & Technological Development Zone, Tung-Fat Cargo Terminal Ltd., Chu Kong Logistics (Malaysia) Pte. Ltd., vice chairman of Guangzhou Panyu Lianhuashan Pangang Transportation Co., Ltd., Foshan New Port Ltd. and Foshan Shunde Container Terminal Co., Ltd. and director of Guangzhou Nansha International Logistics Park Development Co., Ltd. and Guangzhou Yinggang Real Estate Co., Ltd.

Mr. Ke Guigen, aged 51, has been appointed as financial controller of the Company since June 2011, responsible for financial management and control of the Group. Mr. Ke graduated from Anhui University of Finance & Economics (formerly Anhui Institute of Finance and Trade) with a bachelor degree in economics in 1987 and had worked as a lecturer in the accounting faculty of the University. Mr. Ke also worked as specialized supervisor of GNG. Mr. Ke joined CKS in 2006 and was engaged in capital, finance and audit management. Mr. Ke is a certified advanced accountant in the PRC, and a certified associate professor in accounting in the PRC. Mr. Ke has 28 years of experience in accounting, financial management and audit.

Ms. Cheung Mei Ki, Maggie, aged 48, joined the Company in 2008, and has been appointed as general manager in assurance since 2011 and was appointed as the Company Secretary on 1st April 2012, responsible for overseeing the Group's internal control, financial reporting procedures, company secretarial and corporate governance matters. Before joining the Company, Ms. Cheung had held position in Hong Kong Air Cargo Terminals Limited. Ms. Cheung graduated from the Hong Kong Polytechnic University in 2010 with a master degree in corporate governance and graduated from the University of Strathclyde (in the United Kingdom) in 2003 with a master degree in business administration. She is a member of the Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administration in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a fellow of the Taxation Institute of Hong Kong and a Certified Tax Adviser in Hong Kong. She has over 29 years' experience in accounting, financial management and corporate governance.

Corporate Governance Report

We target on better corporate governance



The Company strives to maintain a high standard of corporate governance practices and procedures to safeguard the interests of its shareholders. The corporate governance level is constantly improved and enhanced by establishing an internal control system and enhancing accountability and transparency.

CORPORATE GOVERNANCE PRACTICE

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 considers that the Company has complied with all applicable Code for the year ended 31st December 2014 except with the deviation as disclosed in this report.

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

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 by the Company that they have complied with the required standard set out in the Model Code in relation to such transactions for the year ended 31st December 2014.

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

THE BOARD OF DIRECTORS

The board is responsible for establishing of the overall development strategy, operation and financial reporting of the Company, internal control and risk management, major acquisitions, substantial connected transactions, annual and interim results, proposed interim and final dividends, proposed appointment or re-election of directors, appointment of auditor, share issue and repurchase and other operation and financial matters relating to the Company.

Composition of the Board of Directors:

As at 31st December 2014, the board of the Company consists of nine members, namely three executive directors (Mr. Xiong Gebing, Mr. Zeng He and Mr. Cheng Jie), three non-executive directors (Mr. Liu Weiqing, Mr. Zhang Lei and Mr. Hu Jiahong) and three independent non-executive directors (Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing). The Company forms its board of directors based on the characteristics and uniqueness of its operations to ensure that each director possesses the required experience and managerial expertise. The personal biographies of the directors are set out in pages 39 to 43 of the annual report. The directors understand that they should fulfill their duties diligently in the best interest of the Company and its shareholders.

The Company has signed appointment letter with all directors for a fixed term of three years, unless terminated by either party giving to the other not less than 1 month's prior notice in writing, but the directors are subject to retirement by rotation and re-election according to the Articles of Association of the Company.

The board delegated its authorities and obligations in daily operations, business strategies and the Group's business management to the executive directors and executives, and delegated certain specific responsibilities to the committees of the board.

Relationship between Board members:

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship between board members.

Responsibilities of the chairman and managing director:

The chairman and managing director of the Company are not performed by the same individual so as to ensure the accountability and independence of the policy making process of the Company. The chairman of the Group is responsible for leading the board of directors. The chairman should ensure that the board works effectively and discharges its responsibilities, building the management of the Company, organising to formulate the development strategies and etc. The managing director is responsible for managing the daily business operations of the Company, implementing the development strategies formulated by the board of directors, expediting development of high-end integrated logistics business, driving the development of the passenger transportation business and strengthening internal management.

According to the provisions of the Code, the chairman of the Group has held a meeting with the non-executive directors without other executive directors present.

Independent Non-executive Directors:

In order to ensure the independence of the policy making process of the board and protect the interest of its shareholders, the Company appoints three qualified independent non-executive directors, as such, the Company complies with Rule 3.10A of the Listing Rules of having at least one-third of the board being represented by independent non-executive directors. They are professionals experienced in banking, finance and logistics services. One of the independent non-executive directors has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2). The Company undertakes to give them adequate access to the information of the Company and encourage them to discuss and provide independent opinions on matters of the Company.

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 and Ms. Yau 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 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. The Board takes the view that Mr. Chan's and Ms. Yau's long service in the Company is an asset to the Company and thus recommends Mr. Chan and Ms. Yau for re-election as independent non-executive directors at the forthcoming annual general meeting. 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 will be retire by rotation and being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Mr. Chan and Ms. Yau may be re-appointed by separate resolutions of the shareholders at the said meeting.

The Company has received from each of the current independent non-executive directors a confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors have maintained their respective independence in accordance with the Listing Rules.

Board Diversity Policy

Pursuant to the Code, the board has adopted the Board Diversity Policy since 15th August 2013 which is posted on the Company's website. To attain diversity of the board, it is the Company's policy to consider an array of factors including gender, age, skills, knowledge, experience, cultural and educational background when appointing and re-appointing a member of the board. All board appointments are based on merits, in the content of the talents, skills and experience the board as a whole requires to be effective.

Directors' responsibilities for financial statements:

During each financial period, the directors are responsible for the preparation of the financial statements that give a true and fair view of the state of affairs of the Group and of its results and cash flows during the relevant period. In preparing the financial statements for the year ended 31st December 2014, the directors selected and applied consistently appropriate accounting policies, made careful and reasonable judgment and estimates, and prepared the financial statements on a going concern basis. The directors are responsible for the filing of appropriate accounting records that reasonably and accurately disclose the financial position of the Company from time to time.

Board of Directors meeting procedures:

The board held regular meetings during the year. The company secretary assists the chairman in establishing the meeting agenda, and each director/committee member may request inclusion of items in the agenda. The time and agenda of the board meeting will be available to the directors at least 14 days in advance and related documents will be available to the directors at least 7 days in advance to enable each director to fully understand the matters to be discussed and make an informed opinion. Draft and final versions of the minutes of board meetings and board committee meetings prepared in sufficient details by the secretary of the meetings, were circulated to the directors for their comment and record respectively. Originals of such minutes, being kept by the company secretary, are open for inspection at any reasonable time on reasonable notice by any director. Each director has the right to seek independent professional advice in furtherance of his/her duties at the expense of the Company. No director has requested to seek professional advice as mentioned above during the year of 2014.

If a director has a conflict of interest in a matter to be considered at the meetings of the board and the committee which the board has determined to be material, the matter will not be transacted by written resolutions. Such director may express his/her recommendations but shall not be counted in the quorum and shall abstain from voting on the relevant resolution.

All directors have unrestricted access to the company secretary who is responsible for ensuring that the board/committee procedures are complied with, and for advising the board/committee(s) on compliance matters.

Insurance Arrangement for Directors

In order to facilitate the exercise of power by the directors, the Company has already arranged suitable insurance in respect of the legal action threatened against the directors to indemnify them from the liabilities that may arise in the decision-making process of the Company.

Attendance at meetings and time commitment of Directors:

During 2014, the attendance of the board members at general meetings, the meetings of the board and its respective committees was as follows:

	Attendance in person/number of meetings held					
	General Meeting	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Liu Weiqing (Chairman of the board)	0/1	4/4	12/12	N/A	N/A	1/1
Mr. Xiong Gebing (Managing director)	1/1	4/4	12/12	N/A	2/2	N/A
Mr. Zeng He (Executive director, appointed on 1st March 2014)	1/1	4/4	10/12	N/A	N/A	N/A
Mr. Cheng Jie (Executive director, appointed on 1st March 2014)	1/1	4/4	10/12	N/A	N/A	N/A
Mr. Huang Shuping (Executive director, resigned on 1st March 2014)	0/1	0/4	2/12	N/A	N/A	N/A
Mr. Hu Jiahong (Non-executive director, appointed on 1st March 2014)	1/1	4/4	N/A	N/A	N/A	N/A
Mr. Zhang Lei (Non-executive director)	1/1	4/4	N/A	N/A	N/A	N/A
Mr. Yu Qihuo (Non-executive director, resigned on 1st March 2014)	0/1	0/4	N/A	N/A	N/A	N/A
Mr. Chan Kay-cheung (Independent non-executive director)	1/1	4/4	N/A	2/2	2/2	1/1
Ms. Yau Lai Man (Independent non-executive director)	1/1	4/4	N/A	2/2	2/2	1/1
Mr. Chow Bing Sing (Independent non-executive director)	1/1	3/4	N/A	1/2	1/2	1/1

Upon reviewing (i) the annual confirmation of the time commitment given by each director; (ii) the directorships and major commitments of each director; and (iii) the attendance rate of each director on board and their respective board committee meetings, the board is satisfied that all directors have spent sufficient time in performing their responsibilities during the year.

Sub-committees of the Board:

In order to assist the directors to perform their responsibilities, the board of directors has set up an executive committee, an audit committee, a remuneration committee and a nomination committee, the chairman of all the committees are appointed by the board, in which the audit committee and the remuneration committee are both chaired by an independent non-executive director with written terms of reference which were discussed and approved by the board of the directors. The related terms of reference of the each committee has been published on the websites of the Company and the Stock Exchange. The duties of the four committees are as follows:

Executive committee:

The Executive Committee was established in 2009 to approve and enter into transactions on behalf of the board in respect of any investment project within an authorised limit or other day-to-day business operations. The committee consists of the chairman and/or executive directors of the Company.

The Executive Committee comprises:

Mr. Liu Weiqing (Chairman of the committee)
Mr. Xiong Gebing
Mr. Zeng He (appointed on 1st March 2014)
Mr. Cheng Jie (appointed on 1st March 2014)
Mr. Huang Shuping (resigned on 1st March 2014)

Audit Committee:

The Audit Committee was established in 2001 to review the Company's financial reporting, internal control, appointment of auditor and corporate governance issues and make recommendations to the board. The Audit Committee consists entirely of independent non-executive directors, who are experienced in finance, internal audit or banking, and are therefore capable of providing expert opinions on the financial operations of the Company.

The Audit Committee comprises:

Mr. Chan Kay-cheung (Chairman of the committee)
Ms. Yau Lai Man
Mr. Chow Bing Sing

The Audit Committee held two meetings in 2014 with an attendance rate of 83.3% to review the following matters with the Company's senior management and independent auditor:

- Accounting principles adopted by the Company for preparing financial statements;
- Draft annual report, interim report and financial statements of the Company;
- Scope of audit work of external auditor;
- Independent audit results of the Company's financial statements;
- Internal recommendations issued by external auditor to the management and management's response;
- Appointment of external auditor for providing non-audit services to the Company;
- Audit fee proposal for 2014;
- Internal audit function of the Company including internal audit policy, internal audit plan and internal audit reports, covering internal control and risk management; and
- Connected transactions of the Company.

To further enhance the independence of the external independent auditors' reporting, some part of the above meetings were only attended by independent non-executive directors and the independent auditor.

The board has delegated the corporate governance functions, their terms of reference are according to the provision of the Code D.3.1, to the Audit Committee as it considered members of the Audit Committee to be better positioned to provide an objective and independent guidance on governance-related matters.

The Audit Committee has reviewed the Company's compliance with the provisions of the Code for the year ended 31st December 2014 and disclosure in this Corporate Governance Report.

Reference to the functions of the Audit Committee is available under the terms of reference of Audit Committee that have been published on the websites of the Company and the Stock Exchange.

Remuneration Committee:

The Remuneration Committee was established in 2005 and is chaired by an independent non-executive director. The Remuneration Committee met twice in 2014 and the average attendance rate is 87.5%. Currently, the Remuneration Committee comprises three independent non-executive directors and one executive director.

During the year, the Remuneration Committee has reviewed the remuneration packages of the newly appointed directors.

The Remuneration Committee comprises:

Mr. Chan Kay-cheung (Chairman of the committee)
Ms. Yau Lai Man
Mr. Chow Bing Sing
Mr. Xiong Gebing (Executive director)

Functions of the Remuneration Committee can be referred to the terms of reference of Remuneration Committee that has been published on the websites of the Company and the Stock Exchange.

Remuneration of Executive Directors:

The remuneration of the executive directors of the Company mainly includes basic salary, bonus and directors' emoluments. The Company considers various factors in determining the remuneration such as market conditions, comparable companies and time of the executive directors spent on the affairs of the Company.

Remuneration of Independent Non-executive Directors:

The Company pays emoluments to independent non-executive directors in form of directors' fee. The Remuneration Committee will present a proposal to the board, and the board will make decisions based on market conditions.

Nomination Committee:

The committee was established in 2011 and it is mainly responsible for making recommendations to the board on the appointment of directors and senior management. The Nomination Committee held one meeting in 2014 with an average attendance rate of 100%. Members of the committee are directors of the Company and the number of which is be less than three, with a majority of independent non-executive directors.

The Nomination Committee comprises:

Mr. Liu Weiqing (Chairman of the committee)
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Reference to the functions of the Nomination Committee is available under the terms of reference of Nomination Committee that has been published on the websites of the Company and the Stock Exchange.

During the year, the Nomination Committee has reviewed the board composition and nominated new directors for board's consideration.

The Nomination Committee has considered the Board Diversity Policy when nominating the directors and believed that composition of the board is diversified.

According to the Articles of Association, all directors are subject to retirement by rotation and re-election at annual general meetings of the Company. New directors appointed by the board during the year are required to retire and submit themselves for re-election at the first annual general meeting immediately following their appointments. Further, at each annual general meeting, one-third (if not a multiple of three, then the number nearest to but not more than one-third) of director shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years.

In accordance with Articles 81 and 82 of the Company's Articles of Association, Mr. Liu Weiqing, Mr. Chan Kay-cheung and Ms. Yau Lai Man will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. The Nomination Committee recommended to the board that Mr. Liu Weiqing, Mr. Chan Kay-cheung and Ms. Yau Lai Man be nominated for re-election at the forthcoming annual general meeting of the Company.

Training for Directors and Company Secretary

All directors have been given relevant guideline materials regarding the duties and responsibilities of being a director, the relevant laws and regulations applicable to the directors, duty of disclosure of interest in shares and business of the Group and such induction materials will also be provided to newly appointed directors shortly upon their appointment as directors. All directors have also been updated on the latest development regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. During the year, the Company organised seminars presented by professionals for directors and executives to explain new amendments to the Listing Rules, and arranged tours to the terminals of the Company located in China for their better understanding in the business and development of the Group.

The directors confirmed that save and except Mr. Yu Qihuo, who resigned on 1st March 2014, all directors have complied with the provision of Code A.6.5 on directors' training. During the year, all directors have participated in continuous professional development by reading materials or attending seminars/briefing sessions to develop and refresh their knowledge and skills and provided records of training to the Company. Directors have participated training on the following topics during the year:

	Corporate governance/ updates on laws, rules and regulations		Accounting/financial/ management or other expertise	
	Reading Material	**Attending seminars/ Briefing sessions**	**Reading Material**	**Attending seminars/ Briefing sessions**
Mr. Liu Weiqing (Chairman of the board)	✓	✓		✓
Mr. Xiong Gebing (Managing director)	✓	✓	✓	✓
Mr. Hu Jiahong (Non-executive director, appointed on 1st March 2014)	✓	✓	✓	✓
Mr. Zeng He (Executive director, appointed on 1st March 2014)	✓	✓	✓	✓
Mr. Cheng Jie (Executive director, appointed on 1st March 2014)	✓	✓	✓	✓
Mr. Huang Shuping (Executive director, resigned on 1st March 2014)	✓	✓		✓
Mr. Zhang Lei (Non-executive director)	✓	✓	✓	
Mr. Yu Qihuo (Non-executive director, resigned on 1st March 2014)				
Mr. Chan Kay-cheung (Independent non-executive director)		✓		✓
Ms. Yau Lai Man (Independent non-executive director)		✓	✓	✓
Mr. Chow Bing Sing (Independent non-executive director)	✓	✓		

To comply with Rule 3.29 of the Listing Rules, the company secretary has taken no less than 15 hours of relevant professional training for the year ended 31st December 2014.

Remuneration of senior management:

Number of senior management according to the level of remuneration:

Level of remuneration HK$'000	Numbers of Senior Management **2014**	 2013
0 – 600	**0**	1
601-1,200	**2**	3
1,201-1,800	**1**	0

INTERNAL CONTROL

The board of directors is responsible for the effective internal control system of the Company and reviewing the functions of the control system through the Audit Committee. The board authorised the senior management to implement the said internal control system. The Company appointed experienced professionals with Hong Kong certified accountant qualification to act as general manager in assurance of the Company, who is responsible for overseeing the Group in connection with its internal control and financial reporting procedures. The Company has set up a task group and held meetings regularly to review the effectiveness of the relevant financial, operational and compliance controls as well as risk management procedures and to make further improvement.

During the year, the Company has conducted the following major works relating to internal control and risk management:

- completed the internal control study on the business operation of Chu Kong Cargo Terminals (QingYuan) Co. Ltd, Civet (Zhuhai Bonded Area) Logistics Co. Ltd and Chu Kong Tourism Co. Ltd., in order to strengthen the standardisation of business processes;

- provided trainings in risk management to subsidiaries under the passenger transportation segment and Civet (Zhuhai Bonded Area) Logistics Co. Ltd, in order to increase their knowledge in risk management;

- completed the Risk Assessment of subsidiaries under the passenger transportation segment, in which 25 possible significant risks have been identified, and 11 most important risks that require attention have been communicated to the relevant subsidiaries. All risk managers were required to conduct periodical reviews on the relevant control activities of such risks to ensure their effectiveness, in addition to ensuring the practicability of the existing relative control activities. Effectiveness assessment and auditing have been conducted with a subsidiary in which the highest number of significant risks were identified, and recommendations for improvement have been provided;

- commenced a new round of risk assessments on cargo terminals in the PRC; and

- invited professionals to provide training for finance staffs in the PRC, which included courses to enhance their understanding in connected transactions in order to mitigate the risk of non-compliance.

REMUNERATION OF AUDITOR

For the financial year ended 31st December 2014, the Company paid the auditor of the Company the following fees for audit and non-audit services.

	2014	2013
	HK$,000	HK$,000
Audit Services	**3,125**	3,052
Non-audit Services	**975**	1,048
	4,100	4,100

COMMUNICATION WITH SHAREHOLDERS

During the year, the board has established a shareholders' communication policy and the procedures for shareholders to nominate a candidate for election as a director. The policy and procedure are available on the website of the Company.

Set out below are procedures for shareholders of the Company to (1) convene an extraordinary general meeting ("EGM"); (2) put forward proposals at a general meeting; and (3) put enquiries to the board. These procedures are generally governed by the Articles of Association and applicable laws, rules and regulations, which prevail over the below information in case of any inconsistencies.

1. Procedures for shareholders of the Company to convene an EGM

Pursuant to the Articles of Association and the Companies Ordinance of Hong Kong, registered shareholders holding not less than one-twentieth (5%) of the paid up capital of the Company ("EGM Requisitionists") can deposit a written request to convene an EGM at the registered office of the Company ("Registered Office"), which is presently situated at 22nd Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong for the attention of the Company Secretary.

The EGM Requisitionists must state in their request(s) the objects of the EGM and such request(s) must be signed by all the EGM Requisitionists and may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The Company's share registrars ("Share Registrars") will verify the EGM Requisitionists' particulars in the EGM Requisitionists' request. Promptly after confirmation from the Share Registrars that the EGM Requisitionists' request is in order, the company secretary will arrange with the board to convene an EGM by serving sufficient notice to all the registered shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified not in order, the EGM Requisitionists will be advised of the outcome and accordingly, an EGM will not be convened as requested.

The EGM Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM if the board had not arrange to duly convene an EGM with 28 days upon a written notice was given in relation to the EGM within 21 days of the deposit of the EGM Requisitionists' request, the board does not proceed duly to convene an EGM provided that any EGM so convened is held within three months from the date of the original EGM Requisitionists' request. Any reasonable expenses incurred by the EGM Requisitionists by reason of the board's failure to duly convene an EGM shall be repaid to the EGM Requisitionists by the Company.

2. Procedures for shareholders to put forward proposals at a general meeting

Shareholders may suggest proposals relating to the Company to be discussed at a general meeting by sending written requisition to the board or the company secretary of the Company and following the procedures set out in the paragraph headed "Procedures for shareholders of the Company to convene an EGM" above to convene an EGM for any business specified in such written requisition.

3. Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the board in writing through the company secretary whose contact details are as follows:

Address: 24th Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong
Telephone: (852) 2859 1415
Facsimile: (852) 2186 7204
E-mail: maggie-cksd@cks.com.hk

General meeting is important occasions for direct dialogues between directors, senior executives and shareholders, and the Company attaches great importance to any general meeting. All directors (including independent non-executive directors) and senior executives will try to attend the meetings, listen to shareholders' proposals in person, and answer questions raised by shareholders concerning the development strategies and operations of the Company. The Company welcomes shareholders to attend general meetings in person and express their opinions and raised their enquiries to the directors and management.

INVESTOR RELATIONS AND COMMUNICATIONS

The Company regards investor relations of utmost importance. The Company discloses relevant information timely under the guidelines of the Listing Rules. In 2014, the Company frequently met with fund managers and investment bank analysts and responded swiftly to the queries of the small and medium investors.

There were no amendments to the Company's constitutional documents in 2014.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 143, which comprise the consolidated and company balance sheets as at 31st December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19th March 2015

Consolidated Balance Sheet

As at 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,530,429**	1,368,875
Investment properties	7	**4,886**	4,943
Land use rights	8	**533,077**	455,597
Intangible assets – goodwill	9	**40,091**	40,229
Joint ventures and associates	11	**564,689**	552,185
Deposits and prepayments	12	**14,514**	–
Deferred income tax assets	13	**1,685**	2,232
		2,689,371	2,424,061
Current assets			
Trade and other receivables	14	**492,533**	469,494
Loans to joint ventures	14	**18,908**	22,823
Cash and cash equivalents	15	**533,145**	600,969
		1,044,586	1,093,286
Total assets		**3,733,957**	3,517,347
EQUITY			
Share capital	16	**877,762**	90,000
Share premium	16	**–**	787,762
Reserves	17	**1,306,064**	1,160,978
Final dividend proposed	17	**54,000**	49,500
		2,237,826	2,088,240
Non-controlling interests		**209,047**	178,148
Total equity		**2,446,873**	2,266,388

Consolidated Balance Sheet

As at 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	13	**76,486**	73,415
Amount due to the non-controlling interest of a subsidiary	19	**35,750**	–
Long term borrowings	20	**136,135**	180,877
		248,371	254,292
Current liabilities			
Trade and other payables	18	**626,936**	611,464
Loans from associates	19	**26,467**	26,558
Amounts due to the non-controlling interests of subsidiaries	19	**78,553**	52,006
Amount due to a related party	19	**15,244**	15,296
Income tax payables		**25,513**	28,623
Short term borrowings	20	**100,000**	100,000
Current portion of long term borrowings	20	**166,000**	162,720
		1,038,713	996,667
Total liabilities		**1,287,084**	1,250,959
Total equity and liabilities		**3,733,957**	3,517,347
Net current assets		**5,873**	96,619
Total assets less current liabilities		**2,695,244**	2,520,680

The notes on pages 66 to 143 are an integral part of these consolidated financial statements.

The financial statements on pages 59 to 143 were approved by the board of directors on 19th March 2015 and were signed on its behalf.

Director *Director*

Balance Sheet

As at 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**89,578**	86,852
Investment properties	7	**34,279**	34,681
Land use rights	8	**35,839**	36,741
Subsidiaries	10	**1,326,607**	1,326,607
Joint ventures	11	**95,122**	95,122
		1,581,425	1,580,003
Current assets			
Trade and other receivables	14	**750,575**	659,416
Loans to joint ventures	14	**4,658**	8,337
Cash and cash equivalents	15	**104,448**	151,948
		859,681	819,701
Total assets		**2,441,106**	2,399,704
EQUITY			
Share capital	16	**877,762**	90,000
Share premium	16	**–**	787,762
Reserves	17	**815,219**	777,095
Final dividend proposed	17	**54,000**	49,500
Total equity		**1,746,981**	1,704,357
LIABILITIES			
Non-current liabilities			
Long term borrowings	20	**104,000**	130,000
Deferred income tax liabilities	13	**4,213**	4,213
		108,213	134,213
Current liabilities			
Trade and other payables	18	**294,560**	285,866
Loan from an associate	19	**25,352**	25,268
Short term borrowings	20	**100,000**	100,000
Current portion of long term borrowings	20	**166,000**	150,000
		585,912	561,134
Total liabilities		**694,125**	695,347
Total equity and liabilities		**2,441,106**	2,399,704
Net current assets		**273,769**	258,567
Total assets less current liabilities		**1,855,194**	1,838,570

The notes on pages 66 to 143 are an integral part of these financial statements.

The financial statements on pages 59 to 143 were approved by the board of directors on 19th March 2015 and were signed on its behalf.

Director *Director*

Consolidated Income Statement

For the year ended 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	5	**1,828,912**	1,619,279
Cost of services rendered	23	**(1,388,794)**	(1,213,115)
Gross profit		**440,118**	406,164
Other income	21	**61,309**	48,296
Other (losses)/gains – net	22	**(4,482)**	12,299
General and administrative expenses	23	**(288,053)**	(282,195)
Operating profit		**208,892**	184,564
Finance income	24	**4,667**	4,428
Finance cost	24	**(9,793)**	(11,975)
Share of profits less losses of joint ventures and associates	25	**84,546**	79,024
Profit before income tax		**288,312**	256,041
Income tax expense	26	**(58,377)**	(55,458)
Profit for the year		**229,935**	200,583
Attributable to:			
Equity holders of the Company		**221,268**	190,918
Non-controlling interests		**8,667**	9,665
		229,935	200,583
Dividends	28	**72,000**	67,500
Earnings per share (HK cents)			
Basic	29	**24.59**	21.21
Diluted	29	**24.59**	20.95

The notes on pages 66 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2014

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

The notes on pages 66 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2014

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Reserves HK$'000 (Note 17)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st January 2014	90,000	787,762	1,210,478	2,088,240	178,148	2,266,388
Comprehensive income						
Profit for the year	–	–	221,268	221,268	8,667	229,935
Other comprehensive loss						
Currency translation differences	–	–	(4,182)	(4,182)	(363)	(4,545)
Total comprehensive income for the year	–	–	217,086	217,086	8,304	225,390
Transactions with owners						
Transition to no-par value regime on 3rd March 2014	787,762	(787,762)	–	–	–	–
Capital injection by the non-controlling interests of subsidiaries	–	–	–	–	26,817	26,817
2013 final dividend	–	–	(49,500)	(49,500)	–	(49,500)
2014 interim dividend	–	–	(18,000)	(18,000)	–	(18,000)
Dividend paid to non-controlling interests	–	–	–	–	(4,222)	(4,222)
Total transactions with owners	787,762	(787,762)	(67,500)	(67,500)	22,595	(44,905)
At 31st December 2014	877,762	–	1,360,064	2,237,826	209,047	2,446,873
At 1st January 2013	90,000	787,762	1,043,090	1,920,852	169,613	2,090,465
Comprehensive income						
Profit for the year	–	–	190,918	190,918	9,665	200,583
Other comprehensive income						
Currency translation differences	–	–	33,220	33,220	2,539	35,759
Total comprehensive income for the year	–	–	224,138	224,138	12,204	236,342
Transactions with owners						
Issue of warrants	–	–	1,750	1,750	–	1,750
2012 final dividend	–	–	(40,500)	(40,500)	–	(40,500)
2013 interim dividend	–	–	(18,000)	(18,000)	–	(18,000)
Dividend paid to non-controlling interests	–	–	–	–	(3,669)	(3,669)
Total transactions with owners	–	–	(56,750)	(56,750)	(3,669)	(60,419)
At 31st December 2013	90,000	787,762	1,210,478	2,088,240	178,148	2,266,388

The notes on pages 66 to 143 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	32	351,188	253,876
Hong Kong profits tax paid		(23,317)	(15,569)
Mainland China corporate income tax paid		(31,437)	(25,501)
Macau profits tax paid		(2,998)	–
Net cash generated from operating activities		293,436	212,806
Cash flows from investing activities			
Purchase of property, plant and equipment		(261,365)	(187,630)
Purchase of land use rights		(89,973)	(32,112)
Deposits for purchase of property, plant and equipment		(14,514)	–
Proceeds from disposal of property, plant and equipment		5,250	9,044
Proceed from disposal of land use right		–	492
Proceed from the PRC government for compensation from exchange of land		–	5,411
Repayments of loans from joint ventures	35(c)	3,619	7,099
Dividends received from joint ventures		22,615	4,294
Interest received		4,667	4,428
Net cash used in investing activities		(329,701)	(188,974)
Cash flows from financing activities			
Dividends paid		(71,722)	(62,169)
Interest paid		(9,793)	(11,975)
Repayment of loans		(173,597)	(324,573)
Drawdown of loans		132,135	381,119
Increase in amount due to the non-controlling interests of subsidiaries		62,323	–
Proceeds from issue of warrants	17	–	1,750
Capital injection by the non-controlling interests of subsidiaries		26,817	–
Net cash used in financing activities		(33,837)	(15,848)
Net (decrease)/increase in cash and cash equivalents		(70,102)	7,984
Cash and cash equivalents at the beginning of the year		600,969	584,723
Effect of exchange rate changes		2,278	8,262
Cash and cash equivalents at the end of the year	15	533,145	600,969

The notes on pages 66 to 143 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is 22nd Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in provision of management and other related services to high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau; the operation and management of river trade cargo terminals in the Mainland China and Hong Kong; and cargo transportation, warehousing and storage business.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements have been approved for issue by the board of directors of the Company on 19th March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(ii) Adoption of amended HKFRSs and interpretation

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2013, except that the Group has adopted the following 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 2014.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) New and amended standards not yet adopted

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iv) New Hong Kong Companies Ordinance (Cap. 622)

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

(b) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combination not under common control

The Group uses the acquisition method of accounting to account for business combinations other than those which are under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Business combination not under common control (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(ii) Business combination under common control

The financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs on the basis that they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the financial statements are presented on the basis that the entities had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(ii) Business combination under common control (Continued)

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(iii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint ventures are accounted for using the equity method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint arrangements (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of profits less losses of joint ventures and associates' in the income statement.

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits less losses of joint ventures and associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-ended exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/losses – net'.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the rates ruling at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

– all resulting exchange differences are recognised as other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation (continued)

(iii) Group companies (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates ruling at the balance sheet date.

(g) Property, plant and equipment

(i) Construction in progress

Construction in progress represents warehouse, vessels and barges or other property, plant and equipment under construction which is carried at cost less any accumulated impairment losses.

Construction in progress includes construction expenditure incurred, borrowing costs and other direct costs attributable to the construction. On completion, the construction in progress is transferred to appropriate categories of property, plant and equipment. No depreciation is provided for construction in progress.

(ii) Other property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

(ii) Other property, plant and equipment (Continued)

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 – 50 years
Leasehold land classified as finance lease	Shorter of lease term or remaining useful life
Leasehold improvements	5 – 8 years
Plant and machinery	4 – 10 years
Furniture, fixtures and equipment	3 – 8 years
Motor vehicles	3 – 8 years
Containers	4 – 8 years
Vessels and barges	8 – 15 years

Major costs incurred in restoring the property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

Vessel repairs and survey costs are charged as operating expenses as they are incurred. Vessel component costs include the cost of major components which are usually replaced or renewed at dry-dockings. Dry-docking costs of vessel and the costs incurred in replacing or renewing the separate assets are capitalised and depreciated over the period to the next estimated dry-dock date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts of the assets and are recognised within 'other gains/losses – net', in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property in the financial statements.

Investment property is situated on leasehold land and is carried at historical cost, including related transaction costs, less depreciation and impairment. Depreciation of the investment property is calculated using the straight-line method to allocate cost over their estimated lives.

Subsequent expenditure is included to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

(i) Land use rights

Land use rights represent operating lease payments for land and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the operating lease payments over the remaining lease term.

(j) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(k) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets

(i) Classification

The Group classifies its financial assets in loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables include trade and other receivables excluding deposits and prepayments (note 12), loans to joint ventures (note 14) and cash and cash equivalents (note 15).

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(m) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to depreciation/amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, joint ventures and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures and associates in the period the dividend is declared or if the carrying amount of the investment exceeds the carrying amount of the investee's net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as a default or delinquency in interest or principal payments;

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Current and deferred income tax

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit obligations

The contributions to defined contribution schemes are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus entitlements

The Group recognises a liability and an expense for bonus when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (Continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

(s) Revenue/income recognition

Revenue comprises the fair value of the consideration for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and other revenue reducing factors, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Cargo transportation

Revenues from the rendering of services in river trade cargo direct shipment and transhipment are recognised in the financial period in which the services are rendered.

(ii) Cargo handling and storage

Revenues from the rendering of services in river trade wharf cargo handling, cargo consolidation and godown storage and container hauling and trucking are recognised in the financial period in which the services are rendered.

(iii) Passenger transportation agency service

Revenues from passenger transportation agency services are recognised based on net agency fee upon departure of ferries at terminals.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue/income recognition (Continued)

(iv) Ferry terminal operation service

Revenues from ferry terminal operation service are recognised based on net ferry terminal operation service fee upon departure of ferries at terminals.

(v) Management service

Revenues from management service are recognised when the service is rendered.

(vi) Advertising service

The Group provides advertising services to customers to advertise at terminals and ferries. Revenue is recognised upon provision of services.

(vii) Travel agency service

Revenue from travel agency services is recognised upon provision of services.

(viii) Interest income

Interest income is recognised using the effective interest method.

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

(x) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(t) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the consolidated income statement on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(v) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's equity holders or directors, as appropriate.

(w) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to financial statements. When a change in probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

(z) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets which necessarily takes a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the income statement in the financial period in which they are incurred.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC and is exposed to foreign exchange risk primarily arising from Renminbi and United States dollar, with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in the PRC. The Group continuously monitors its foreign currency position and will consider hedging significant foreign currency exposure by using foreign exchange forward contracts when the need arises.

The actual foreign exchange risk faced by the Group therefore primarily arises from non-functional currency bank balances, receivable and payable balances. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31st December 2014, if Hong Kong dollar had weakened or strengthened by 5% against the Renminbi with all other variables held constant, profit after income tax for the year of the Group and the Company would have been HK$10,253,000 and HK$2,085,000 (2013: HK$9,370,000 and HK$2,059,000) higher or lower respectively, mainly as a result of foreign exchange gains on translation of bank balances, receivable and payable balances denominated in Renminbi.

Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar. Therefore the Group does not expose to significant foreign exchange risk in respect of its assets and liabilities denominated in United State dollar.

(ii) Interest rate risk

The Group's loans to joint ventures, amount due to the non-controlling interest of a subsidiary, amount due to a related party, bank balances and bank borrowings bear interest at floating rates which expose the Group to cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure if necessary.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Interest rate risk (Continued)

At 31st December 2014, if interest rates on financial assets had been 50 basis points higher or lower with all other variables held constant, profit after income tax for the year of the Group and the Company would have been HK$613,000 and HK$165,000 (2013: HK$221,000 and HK$164,000) higher or lower respectively, mainly as a result of higher or lower finance income from floating rate loans to joint ventures and short-term bank deposits.

As 31st December 2014, if interest rates on financial liabilities had been 50 basis points higher or lower with all other variables held constant, profit after income tax for the year of the Group and the Company would have been HK$2,137,000 and HK$1,850,000 (2013: HK$2,466,000 and HK$3,262,000) lower or higher respectively mainly as a result of higher or lower finance cost from floating rate bank borrowings.

(iii) Credit risk

The carrying amounts of bank balances, trade and other receivables and loans to joint ventures represent the Group's maximum exposure to credit risk in relation to financial assets.

For banks and financial institutions, a substantial portion of the Group's bank balances and deposits were placed with PRC state owned banks which have sound credit ratings. Management considers the credit risk is low.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of customers which are internationally dispersed. No individual third party customers accounted for more than 10% of the Group's revenue. The Group limits its exposure to credit risk through performing credit review and monitoring the financial strength of its major customers and generally does not require collateral on trade and other receivables.

Loans to joint ventures are granted taken into account of their financial position, past experience and other factors. The Group monitors the credibility of joint ventures continuously.

The Group has policies in place to ensure that provision of services is made to customers with an appropriate credit history.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by maintaining available committed credit lines.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities which will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Group					
At 31st December 2014					
Bank borrowings	270,343	113,876	27,168	–	411,387
Amounts due to the non-controlling interests of subsidiaries	79,159	7,619	29,432	–	116,210
Amount due to a related party	16,235	–	–	–	16,235
Loans from associates	27,327	–	–	–	27,327
Trade and other payables	626,936	–	–	–	626,936
At 31st December 2013					
Bank borrowings	272,627	41,949	145,991	–	460,567
Amounts due to the non-controlling interests of subsidiaries	52,176	–	–	–	52,176
Amount due to a related party	16,290	–	–	–	16,290
Loans from associates	27,488	–	–	–	27,488
Trade and other payables	611,464	–	–	–	611,464
Company					
At 31st December 2014					
Bank borrowings	268,268	105,749	–	–	374,017
Loan from an associate	26,174	–	–	–	26,174
Trade and other payables	294,560	–	–	–	294,560
At 31st December 2013					
Bank borrowings	256,187	26,338	105,352	–	387,877
Loan from an associate	26,152	–	–	–	26,152
Trade and other payables	285,866	–	–	–	285,866

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

Capital represents the total equity as shown in the consolidated balance sheet.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The optimal capital structure of the Group is to maintain a net cash position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or raise debt.

The principal source of capital of the Group has been and is expected to be cash flows from operations.

(c) Fair value estimation

The carrying values less impairment provision (if applicable) of financial assets (including cash and cash equivalents) and the carrying values of financial liabilities with maturities less than twelve months from the end of the reporting period are reasonable approximation of their fair values.

Fair value of long-term borrowings are estimated using the estimated future payments discounted at market interest rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future financial periods are stated below.

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of significant estimates (note 9).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Income taxes

The Group is mainly subject to income taxes in Hong Kong, Macau and the PRC. Significant judgement is required in determining the provision for income taxes in Hong Kong, Macau and the PRC. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(iii) Provision for trade and other receivables

Management determines the provision for impairment of trade and other receivables based on the credit history of its customers and the current market situation. Management will reassess the estimations at each balance sheet date.

(iv) Useful lives of fixed assets

The annual depreciation charges are sensitive to the estimated economic useful lives the Group allocates to each type of fixed assets. Management performs annual reviews to assess the appropriateness of their estimated economic useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned. The useful lives are estimated at the time the purchases are made after considering the future, business developments and the Group's strategies. Should there be unexpected adverse changes in the circumstances or events, the Group assesses the need to shorten the useful lives and/or make impairment provisions. Indications of these unexpected adverse changes include declines in projected operating results, negative industry or economic trends and rapid advancement in technology.

(v) Impairment of property, plant and equipment and land use rights

Property, plant and equipment and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing (i) whether any events including changes in government policies has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

5 REVENUE AND SEGMENT INFORMATION

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

	2014 HK$'000	2013 HK$'000
Cargo transportation	**1,207,778**	1,050,423
Cargo handling and storage	**409,050**	376,473
Passenger transportation	**212,084**	192,383
	1,828,912	1,619,279

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.

5 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 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)

5 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 2013					
Total revenue	1,055,122	467,190	192,383	30,206	1,744,901
Inter-segment revenue	(4,699)	(90,717)	–	(30,206)	(125,622)
Revenue (from external customers)	1,050,423	376,473	192,383	–	1,619,279
Segment profit/(loss)before income tax expense	13,789	118,722	129,185	(5,655)	256,041
Income tax expense	(3,112)	(31,971)	(12,744)	(7,631)	(55,458)
Segment profit/(loss) after income tax expense	10,677	86,751	116,441	(13,286)	200,583
Segment profit/(loss) before income tax expense includes:					
Share of profits less losses of joint ventures and associates	1,259	34,188	44,668	(1,091)	79,024
Finance income	680	2,800	77	871	4,428
Finance cost	–	(5,694)	–	(6,281)	(11,975)
Depreciation and amortisation	(8,924)	(78,923)	(167)	(1,834)	(89,848)

5 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 2014						
Total segment assets	528,832	2,229,012	628,409	1,517,432	(1,169,728)	3,733,957
Total segment assets include:						
Joint ventures and associates	25,071	246,761	258,141	34,716	–	564,689
Addition to non-current assets (excluding deferred income tax assets)	37,770	321,714	15	6,353	–	365,852
Total segment liabilities	(386,817)	(617,453)	(157,220)	(1,295,322)	1,169,728	(1,287,084)
As at 31st December 2013						
Total segment assets	510,293	2,043,966	633,301	1,392,047	(1,062,260)	3,517,347
Total segment assets include:						
Joint ventures and associates	23,491	240,146	253,721	34,827	–	552,185
Addition to non-current assets (excluding deferred income tax assets)	653	260,047	–	7,918	–	268,618
Total segment liabilities	(385,477)	(572,992)	(162,950)	(1,191,800)	1,062,260	(1,250,959)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical analysis

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

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

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

6 PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Containers HK$'000	Vessels and barges HK$'000	Total HK$'000
Cost									
At 1st January 2014	1,280,680	66,482	24,901	342,257	55,866	73,016	17,497	24,338	1,885,037
Exchange differences	(3,639)	(145)	(31)	(1,111)	(128)	(132)	(1)	–	(5,187)
Additions	130,843	72,158	2,104	33,774	8,284	1,357	6,320	6,525	261,365
Transfer	96,741	(108,616)	–	11,378	497	–	–	–	–
Disposals/write-off	(1,149)	–	–	(7,827)	(1,789)	(7,626)	(60)	–	(18,451)
At 31st December 2014	1,503,476	29,879	26,974	378,471	62,730	66,615	23,756	30,863	2,122,764
Accumulated depreciation									
At 1st January 2014	241,926	–	20,352	139,977	33,810	43,192	16,294	20,611	516,162
Exchange differences	(556)	–	(20)	(432)	(77)	(79)	–	–	(1,164)
Charge for the year	42,513	–	1,779	28,968	7,959	7,396	1,203	962	90,780
Disposals/write-off	(473)	–	–	(6,816)	(1,545)	(4,549)	(60)	–	(13,443)
At 31st December 2014	283,410	–	22,111	161,697	40,147	45,960	17,437	21,573	592,335
Net book value									
At 31st December 2014	1,220,066	29,879	4,863	216,774	22,583	20,655	6,319	9,290	1,530,429
Cost									
At 1st January 2013	1,106,629	99,883	26,437	297,422	45,477	75,743	17,483	24,338	1,693,412
Exchange differences	18,675	1,567	212	8,567	784	943	3	–	30,751
Additions	20,492	126,356	302	23,320	9,879	7,270	11	–	187,630
Transfer	135,130	(161,324)	–	26,194	–	–	–	–	–
Disposals/write-off	(246)	–	(2,050)	(13,246)	(274)	(10,940)	–	–	(26,756)
At 31st December 2013	1,280,680	66,482	24,901	342,257	55,866	73,016	17,497	24,338	1,885,037
Accumulated depreciation									
At 1st January 2013	202,072	–	20,460	117,996	26,705	40,247	15,826	20,039	443,345
Exchange differences	3,038	–	117	3,219	408	510	2	–	7,294
Charge for the year	36,852	–	1,539	25,657	6,950	7,317	466	572	79,353
Disposals/write-off	(36)	–	(1,764)	(6,895)	(253)	(4,882)	–	–	(13,830)
At 31st December 2013	241,926	–	20,352	139,977	33,810	43,192	16,294	20,611	516,162
Net book value									
At 31st December 2013	1,038,754	66,482	4,549	202,280	22,056	29,824	1,203	3,727	1,368,875

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Land and buildings HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1st January 2014	86,069	–	2,306	341	6,796	3,937	99,449
Exchange differences	–	–	–	–	(3)	(4)	(7)
Additions	–	–	550	–	5,732	–	6,282
Disposals/write-off	–	–	–	–	–	(1,037)	(1,037)
At 31st December 2014	86,069	–	2,856	341	12,525	2,896	104,687
Accumulated depreciation							
At 1st January 2014	4,642	–	2,306	160	2,279	3,210	12,597
Exchange differences	–	–	–	–	(2)	(2)	(4)
Charge for the year	1,839	–	37	85	973	113	3,047
Disposals/write-off	–	–	–	–	–	(531)	(531)
At 31st December 2014	6,481	–	2,343	245	3,250	2,790	15,109
Net book value							
At 31st December 2014	79,588	–	513	96	9,275	106	89,578
Cost							
At 1st January 2013	86,069	3,010	2,306	341	3,733	3,294	98,753
Exchange differences	–	–	–	–	15	42	57
Additions	–	–	–	–	38	601	639
Transfer	–	(3,010)	–	–	3,010	–	–
At 31st December 2013	86,069	–	2,306	341	6,796	3,937	99,449
Accumulated depreciation							
At 1st January 2013	2,803	–	2,306	76	2,171	3,065	10,421
Exchange differences	–	–	–	–	15	34	49
Charge for the year	1,839	–	–	84	93	111	2,127
At 31st December 2013	4,642	–	2,306	160	2,279	3,210	12,597
Net book value							
At 31st December 2013	81,427	–	–	181	4,517	727	86,852

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of HK$76,038,000 (2013: HK$64,547,000) and HK$14,742,000 (2013: HK$14,806,000) have been included in cost of services rendered and general and administrative expenses respectively.

Property, plant and equipment of the Group with net book value amounting to HK$nil (2013: HK$25,130,000) have been pledged as security for the bank loans of the Group.

The Group's interests in land represent leasehold land situated in Hong Kong and their net book values are analysed as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Leases of over 50 years	**23,328**	23,354	**6,463**	6,470
Leases of between 10 to 50 years	**142,665**	147,074	**–**	–
	165,993	170,428	**6,463**	6,470

7 INVESTMENT PROPERTIES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost				
At 1st January and 31st December	**5,551**	5,551	**38,951**	38,951
Accumulated depreciation				
At 1st January	**608**	551	**4,270**	3,868
Charge for the year	**57**	57	**402**	402
At 31st December	**665**	608	**4,672**	4,270
Net book value				
At 31st December	**4,886**	4,943	**34,279**	34,681

7 INVESTMENT PROPERTIES (CONTINUED)

The Group's and the Company's interests in investment properties are held on leases of over 50 years in Hong Kong.

As at 31st December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: nil).

Independent valuations of the Group's and the Company's investment properties were performed by the valuer, RHL Appraisal Limited, to determine the fair values of the investment properties as at 31st December 2014 and 2013.

Fair value measurements using significant other observable inputs (level 2)

The fair values of the Group's and the Company's investment properties were HK$44,760,000 (2013: HK$44,762,000) and HK$303,577,000 (2013: HK$303,568,000) respectively.

The Group's and the Company's investment properties were valued at 31st December 2014 and 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The valuation was determined using the direct comparison approach which compares based on price information of comparable properties.

The Company's investment properties of carrying amount of HK$29,393,000 (2013: HK$29,738,000) (fair value of HK$258,817,000 (2013: HK$258,806,000)) were leased to its subsidiaries. These investment properties were classified as property, plant and equipment in the consolidated financial statements of the Group.

The net book value of leasehold land included in the carrying amount of investment properties of the Group and the Company is analysed as follows:

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Leases of over 50 years	**2,811**	2,814	**19,676**	19,698

8 LAND USE RIGHTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Mainland China				
Leases of between 10 to 50 years	**533,077**	455,597	**35,839**	36,741
At 1st January	**455,597**	382,347	**36,741**	24,852
Exchange difference	**(1,722)**	9,864	**–**	–
Additions (note a)	**89,973**	80,983	**–**	12,604
Adjustment (note b)	**–**	(6,667)	**–**	–
Disposals	**–**	(492)	**–**	–
Amortisation	**(10,771)**	(10,438)	**(902)**	(715)
At 31st December	**533,077**	455,597	**35,839**	36,741

Land use rights of the Group with net book value amounting to HK$67,216,000 (2013: HK$61,824,000) have been pledged as security for the bank loans of the Group.

Note:

(a) The Group acquired a land of a cargo terminal in Sihui, Guangdong Province, from the local government in 2009 amounting to HK$13,006,000. The Group was given the right to use the land and operate the cargo terminal in 2010 and therefore it was capitalised by the Group in 2010. In January 2012, the legal titles were awarded to the Company by the court of law and the cost of the land was transferred from prepayments to land use rights in the balance sheet of the Company in 2012.

As at 31st December 2013, the Company was still in the process of obtaining ownership certificates for these land and buildings. The ownership certificates for the land were obtained in January 2014.

(b) In July 2011, Chu Kong Cargo Terminal (Gaoming) Company Limited ("Gaoming Terminal"), a subsidiary of the Group, was requested by the local government to exchange a piece of land for urbanisation purpose and cash compensation for the exchange was then yet to be agreed by the local government.

In January 2013, Gaoming Terminal and the local government reached the conclusion for the cash compensation of HK$6,667,000 and cost of the land use right was adjusted accordingly.

9 INTANGIBLE ASSETS – GOODWILL

	Group	
	2014	2013
	HK$'000	HK$'000
At 1st January	**40,229**	39,333
Exchange differences	**(138)**	896
At 31st December	**40,091**	40,229

The goodwill is allocated to the cargo handling and storage segment in the PRC.

The recoverable amount of the goodwill is determined based on a value-in-use calculation. This calculation uses cash flow projections based on actual financial results for the year ended 31st December 2014 which are extrapolated using the key assumptions stated below:

	2014	2013
Growth rates	**2% – 32%**	2% – 32%
Gross margin	**27% – 87%**	36% – 69%
Discount rate	**10%**	10%

Management determines budgeted gross margins and growth rates based on past performance and the expectations for the market development. The discount rate used is before income tax and reflects related specific risks.

10 SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted investments, at cost	**1,439,607**	1,439,607
Less: provision for impairment	**(113,000)**	(113,000)
	1,326,607	1,326,607

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2014 are as follows:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2014	Interest held 2013
Directly-held subsidiaries					
Chu Kong Agency Company Limited	Hong Kong	Shipping agency and freight forwarding agency in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	100%	100%
Chu Kong Air-Sea Union Transportation Company Limited	Hong Kong	Operation and management of a marine cargo terminal in Hong Kong	10,000 ordinary shares	100%	100%
Chu Kong Container Transportation Company Limited	Hong Kong	Container and cargo transportation and towing in Hong Kong	100 ordinary shares 10,000 deferred shares (Note (b))	100%	100%
Chu Kong (Guangdong) International Freight Forwarding Co., Ltd. @	PRC	Shipping agency and freight forwarding agency in the PRC	RMB22,660,000	75%	75%
Chu Kong High-Speed Ferry Company Limited	Hong Kong	Management of ships in Hong Kong	10,000 ordinary shares	100%	100%
Chu Kong Godown Wharf & Transportation Company Limited	Hong Kong	Godown and wharf operations in Hong Kong	100 ordinary shares 1,000,000 deferred shares (Note (b))	100%	100%
Chu Kong River Trade Terminal Co., Ltd.	British Virgin Islands	Investment holding of managing PRC entities in Hong Kong	100 ordinary shares of US$1 each	80%	80%
Chu Kong Transhipment & Logistics Company Limited	Hong Kong	Transhipment and transportation in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	100%	100%
Chu Kong Transportation (H.K.) Limited	Hong Kong	Wharf cargo handling and transportation in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	100%	100%

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2014 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2014	Interest held 2013
Directly-held subsidiaries (Continued)					
Chu Kong Warehouse Properties Co., Ltd.	British Virgin Islands	Property holding in Hong Kong	100 ordinary shares of US$1 each 9,900 preferred shares of US$1 each (Note (c))	100%	100%
Chu Kong Passenger Transport Company Limited	Hong Kong	Provision of agency services and management of ships in Hong Kong	300,000 ordinary shares	100%	100%
CKS Container Terminal (Zhuhai Doumen) Co., Ltd.	PRC	Cargo transportation and consolidation in the PRC	RMB73,000,000	100%	100%
Chu Kong Shipping (Guangdong) Logistics Co., Ltd.	PRC	Provision of logistics services in the PRC	RMB10,000,000	100%	100%
Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd.	PRC	Cargo transportation and consolidation in the PRC	US$3,620,000	100%	100%
Zhaoqing Chu Kong Logistics (Dawang) Co., Ltd.	PRC	Provision of logistics services in the PRC	US$3,620,000	100%	100%
Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd.	PRC	Provision of logistics services in the PRC	US$6,000,000	100%	100%
Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd.	PRC	Cargo handling and transportation in the PRC	RMB115,700,000	80%	80%
Zhaoqing New Port Co., Ltd.	PRC	Cargo handling and transportation in the PRC	RMB101,288,600	100%	100%
Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd.	PRC	Cargo handling and transportation in the PRC	US$4,000,000	100%	100%

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2014 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2014	Interest held 2013
Indirectly-held subsidiaries					
Chu Kong Tourism Company Limited	Hong Kong	Tour operations and provision of advertising services in Hong Kong	2,000,000 ordinary shares	100%	100%
Chu Kong International Airfreight Company Limited	Hong Kong	Freight forwarding agency in Hong Kong	10,000 ordinary shares	100%	100%
Ever Sky Transportation Limited	Hong Kong	Wharf cargo handling in Hong Kong	10,000 ordinary shares	100%	100%
Chu Kong High-Speed Ferry Management (Macau) Co., Limited	Macau	Management of ships in Macau	MOP25,000	100%	100%
Zhaoqing Chu Kong Transportation (Dawang) Co., Ltd.	PRC	Cargo transportation in the PRC	RMB1,800,000	100%	100%
Chu Kong Cargo Terminals (Qingyuan) Co., Ltd.	PRC	Wharf cargo handling in the PRC	RMB27,460,000	72%[1]	72%[1]
Chu Kong Cargo Terminals (Gaoming) Co., Ltd.	PRC	Cargo transportation and consolidation in the PRC	RMB43,300,000	80%[1]	80%[1]
Chu Kong Cargo Terminals (Kangzhou) Co., Ltd.	PRC	Cargo handling and transportation in the PRC	RMB11,200,000	80%[1]	80%[1]
Shenzhen Zhu Chuan International Freight Forwarding Co., Ltd. [@]	PRC	Freight forwarding agency in the PRC	US$1,000,000	87.25%[1]	87.25%[1]
Chu Kong (Guangdong) International Shipping Agency Co., Ltd.	PRC	Shipping agency in the PRC	RMB3,000,000	67.5%[1]	67.5%[1]
Civet (Zhuhai Bonded Area) Logistics Company Limited	PRC	Cargo handling and transportation in the PRC	HK$120,000,000	60%[1]	60%[1]
Chu Kong Logistics (Zhaoqing) Declaration Co., Ltd.	PRC	Customs declaration services in the PRC	RMB1,500,000	100%	100%

[@] The Group holds 100% voting right in the subsidiary.

[1] These companies are held by non-wholly owned subsidiaries of the Company and the interests held in these companies as disclosed represent effective interests held by the Group.

10 SUBSIDIARIES (CONTINUED)

(b) The holders of the deferred shares of respective subsidiaries are entitled to minimal rights as to dividends and returns of capital, but are not entitled to share the subsidiary's profits, to attend or vote at any general meeting of the subsidiary or to have the rights which are vested in the holding of the ordinary shares. These deferred shares are held by the Company or the holding company of the Company.

(c) The holders of the preferred shares have a non-cumulative preferential right to the profit of the subsidiary at 8% of the nominal amount of the share capital of that subsidiary, but are not entitled to receive notice of or to attend or vote at any meeting of members or directors. The preferred shares are held by the holding company of the Company.

(d) Material non-controlling interests

Set out below is the summarised financial information of a subsidiary, Chu Kong River Trade Terminal Co. Ltd. ("CKRTT") that has non-controlling interests that are material to the Group. The non-controlling interests hold 20% equity interest in CKRTT as at 31st December 2014 and 2013.

Summarised balance sheet as at 31st December 2014 and 2013

	2014 HK$'000	2013 HK$'000
Current		
Assets	231,106	164,971
Liabilities	(539,274)	(375,055)
Total current net liabilities	(308,168)	(210,084)
Non-current		
Assets	1,017,614	817,608
Liabilities	(76,039)	(38,888)
Total non-current net assets	941,575	778,720
Net assets	633,407	568,636

10 SUBSIDIARIES (CONTINUED)

(d) Material non-controlling interests (Continued)

Summarised statement of comprehensive income for the year ended 31st December 2014 and 2013

	2014 HK$'000	2013 HK$'000
Revenue	194,700	170,344
Profit before income tax	98,009	89,006
Income tax expense	(24,165)	(23,063)
Profit for the year	73,844	65,943
Other comprehensive (loss)/income	(1,463)	12,640
Total comprehensive income	72,381	78,583
Total comprehensive income allocated to non-controlling interests	14,476	15,717
Dividends paid to non-controlling interests	4,222	3,669

Summarised cash flow statement for the year ended 31st December 2014 and 2013

	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Cash generated from operations	60,179	110,924
Income tax paid	(21,838)	(18,650)
Net cash generated from operating activities	38,341	92,274
Net cash used in investing activities	(205,602)	(60,046)
Net cash generated from/(used in) financing activities	145,125	(4,724)
Net (decrease)/increase in cash and cash equivalents	(22,136)	27,504
Cash and cash equivalents at beginning of year	41,188	13,623
Effect of exchange rate changes	177	61
Cash and cash equivalents at the end of the year	19,229	41,188

The information above is the amounts representing 100% equity interest in CKRTT and before inter-company eliminations.

11 JOINT VENTURES AND ASSOCIATES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Joint ventures				
Unlisted investments, at cost	**–**	–	**95,122**	95,122
Share of net assets	**412,667**	405,632	**–**	–
Goodwill	**29,357**	29,457	**–**	–
	442,024	435,089	**95,122**	95,122
Associates				
Unlisted investments, at cost	**–**	–	**–**	–
Share of net assets	**120,139**	114,561	**–**	–
Goodwill	**2,526**	2,535	**–**	–
	122,665	117,096	**–**	–
Total joint ventures and associates	**564,689**	552,185	**95,122**	95,122

(a) Details of the principal joint ventures and associates as at 31st December 2014 are as follows:

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/voting power/ profit sharing 2014	2013
Directly-held joint ventures				
Shenzhen Yantian Port Chu Kong Logistics Co., Ltd.	PRC	Container transportation and repairs	40%/33%/40%	40%/33%/40%
Chu Kong Logistics (Singapore) Pte. Ltd.	Singapore	Shipping agency and freight forwarding agency	60%	60%
Zhong Shan Port Goods Transportation United Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	25%	25%
Chu Kong Culture Media Company Limited	British Virgin Islands	Provision of advertisement in Hong Kong	60%/50%/60%	60%/50%/60%

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(a) Details of the principal joint ventures and associates as at 31st December 2014 are as follows: (Continued)

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/voting power/ profit sharing 2014	2013
Directly-held joint ventures (Continued)				
Guangzhou Nansha Chu Kong Terminal Company Ltd.	PRC	Wharf cargo handling and godown storage	65%/60%/65%	65%/60%/65%
Indirectly-held joint ventures				
Chu Kong Cargo Terminals (Beicun) Co., Ltd.	PRC	Wharf cargo handling and godown storage	40%/50%/40%[1]	40%/50%/40%[1]
Foshan New Port Ltd.	PRC	Cargo transportation and consolidation	30%/40%/30%[1]	30%/40%/30%[1]
Foshan Nankong Terminal Co., Ltd. ##	PRC	Cargo transportation and consolidation	42.5%/50%/42.5%[1]	42.5%/50%/42.5%[1]
Guangdong Zhu Chuan Navigation Co., Ltd.	PRC	Cargo transportation and vessel leasing	49%/40%/49%	49%/40%/49%
Heshan County Hekong Associated Forwarding Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Port Construction & Development General Company #	PRC	Investment holding	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Shipping Company #	PRC	Vessel leasing	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Port Storage & Transportation Company #	PRC	Cargo transportation and godown storage	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Port Loading Co., Ltd. #	PRC	Wharf cargo handling	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Port Declaration Company #	PRC	Custom declaration services	40%/50%/40%[1]	40%/50%/40%[1]

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(a) Details of the principal joint ventures and associates as at 31st December 2014 are as follows: (Continued)

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/voting power/ profit sharing 2014	2013
Indirectly-held joint ventures (Continued)				
Sanshui Sangang Containers Wharf Co., Ltd.	PRC	Cargo transportation and consolidation	24%/25%/24%[1]	24%/25%/24%[1]
Hong Kong International Airport Ferry Terminal Service Limited	Hong Kong	Ferry linkage services between the Hong Kong International Airport and Pearl River Delta	60%	60%
Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd.	PRC	Passenger transportation	40%/43%/40%	40%/43%/40%
Connect Media Company Limited	Hong Kong	Provision of advertisement in Hong Kong	60%/50%/60%	60%/50%/60%
Indirectly-held associates				
Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd.	PRC	Passenger transportation	40%	40%
Guangdong Sanbu Passenger and Freight Transportation Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	32%/40%/32%[1]	32%/40%/32%[1]
Zhaoqing City Declaration Co., Ltd. #	PRC	Custom declaration services	40%	40%

The English names of these companies are the translation of the Chinese names for identification purpose only.

22.5% of this joint venture is directly held by the Company.

1 These joint ventures are held by a non-wholly owned subsidiary of the Company. The percentage of interest in ownership and profit sharing represent the effective interest held by the Group.

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summarised financial information for material joint ventures and associates

Set out below are the summarised financial information for 100% equity interest in the joint ventures and associates of the Group for the year ended 31st December 2014, which, in the opinion of the directors, are material to the Group. The joint ventures and associates are accounted for using equity method.

Summarised balance sheet as at 31st December 2014 and 2013 and summarised statement of comprehensive income for the year ended 31st December 2014 and 2013

	ZHPS		SGPT		HKIAFT		FSNP	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Current assets	**167,060**	115,230	**179,306**	178,588	**74,275**	85,577	**146,380**	140,466
Current liabilities	**(181,950)**	(161,524)	**(39,530)**	(46,372)	**(8,670)**	(7,808)	**(125,302)**	(119,292)
Non-current assets	**346,868**	343,128	**61,320**	68,908	**485**	562	**60,838**	62,886
Revenue	**238,489**	223,197	**134,873**	135,133	**142,256**	138,061	**149,539**	160,844
Profit after income tax	**60,122**	66,269	**27,665**	21,231	**22,759**	23,419	**40,987**	44,822

Reconciliation of summarised financial information

	ZHPS		SGPT		HKIAFT		FSNP	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Opening net assets 1st January	**296,834**	308,075	**201,124**	191,351	**78,331**	54,912	**84,060**	76,413
Profit for the year	**60,122**	66,269	**27,665**	21,231	**22,759**	23,419	**40,987**	44,822
Dividend declared	**(23,903)**	(84,241)	**(27,004)**	(16,991)	**(35,000)**	–	**(42,847)**	(39,189)
Currency translation differences	**(1,075)**	6,731	**(689)**	5,533	**–**	–	**(284)**	2,014
Closing net assets as at 31st December	**331,978**	296,834	**201,096**	201,124	**66,090**	78,331	**81,916**	84,060
Interest in joint ventures and associates	**40.0%**	40.0%	**40.0%**	40.0%	**60.0%**	60.0%	**37.5%**	37.5%
Share of net assets	**132,791**	118,734	**80,438**	80,450	**39,654**	46,999	**30,718**	31,523
Goodwill	**–**	–	**–**	–	**–**	–	**10,812**	10,849
Carrying value	**132,791**	118,734	**80,438**	80,450	**39,654**	46,999	**41,530**	42,372

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summarised financial information for material joint ventures and associates (Continued)

There were no contingent liabilities relating to the Group's interests in the joint ventures and associates and no significant contingent liabilities of the joint ventures and associates themselves as at 31st December 2014 and 2013.

The above summarised financial information of the joint ventures and the associates are prepared using the same accounting policies of the Group, after fair value adjustments from acquisitions and before intercompany elimination.

Note:

ZHPS: Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd.
SGPT: Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd.
HKIAFT: Hong Kong International Airport Ferry Terminal Service Limited
FSNP: Foshan New Port Ltd.

(c) The aggregate amount of the Group's share of results of its joint ventures and associates which are individually immaterial are as follows:

	2014 HK$'000	2013 HK$'000
Profit for the year	**20,405**	13,165
Other comprehensive (loss)/income	**(878)**	5,226
Total comprehensive income	**19,527**	18,391

12 DEPOSITS AND PREPAYMENTS

	Group	
	2014 HK$'000	2013 HK$'000
Deposits for purchase of property, plant and equipment	**14,514**	–

13 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are calculated in full on temporary differences under the liability method using the tax rates enacted or substantively enacted at the balance sheet date.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deferred income tax assets:				
To be recovered after more than 12 months	**(1,380)**	(1,487)	**–**	–
To be recovered within 12 months	**(305)**	(745)	**–**	–
	(1,685)	(2,232)	**–**	–
Deferred income tax liabilities:				
To be settled after more than 12 months	**74,081**	71,408	**4,213**	4,213
To be settled within 12 months	**2,405**	2,007	**–**	–
	76,486	73,415	**4,213**	4,213
Net deferred income tax liabilities	**74,801**	71,183	**4,213**	4,213

The movements in the net deferred income tax liabilities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1st January	**71,183**	66,938	**4,213**	4,213
Charged to income statement (note 26)	**7,226**	7,706	**–**	–
Transfer to current income tax payables	**(3,608)**	(3,461)	**–**	–
At 31st December	**74,801**	71,183	**4,213**	4,213

13 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deferred tax assets:				
Gross deferred tax assets	**(1,987)**	(2,688)	**–**	–
Set off deferred tax liabilities within common tax jurisdictions	**302**	456	**–**	–
As at 31st December	**(1,685)**	(2,232)	**–**	–
Deferred tax liabilities:				
Gross deferred tax liabilities	**76,788**	73,871	**4,213**	4,213
Set off deferred tax assets within common tax jurisdictions	**(302)**	(456)	**–**	–
As at 31st December	**76,486**	73,415	**4,213**	4,213

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

Deferred income tax assets	**Tax losses**	**Decelerated tax depreciation**	**Total**
	HK$'000	HK$'000	HK$'000
At 1st January 2013	(1,316)	(1,916)	(3,232)
Charged to income statement	464	80	544
At 31st December 2013	(852)	(1,836)	(2,688)
Charged to income statement	515	186	701
At 31st December 2014	(337)	(1,650)	(1,987)

13 DEFERRED INCOME TAX (CONTINUED)

Group (Continued)

Deferred income tax liabilities	Capital gain tax HK$'000	Accelerated tax depreciation HK$'000	Undistributed profits of PRC entities HK$'000	Total HK$'000
At 1st January 2013	11,950	47,637	10,583	70,170
(Credited)/charged to income statement	–	(789)	7,951	7,162
Transfer to current income tax payables	–	–	(3,461)	(3,461)
At 31st December 2013	11,950	46,848	15,073	73,871
(Credited)/charged to income statement	–	(1,523)	8,048	6,525
Transfer to current income tax payables	–	–	(3,608)	(3,608)
At 31st December 2014	11,950	45,325	19,513	76,788

Company

Deferred income tax liabilities	Capital gain tax HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 31st December 2014 and 2013	3,701	512	4,213

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st December 2014, the Group and the Company have unrecognised tax losses of HK$193,514,000 (2013: HK$197,804,000) and HK$39,958,000 (2013: HK$35,701,000) respectively to carry forward. These tax losses have no expiry dates except for tax losses of HK$151,724,000 (2013: HK$159,338,000) of the Group which will expire in the period from 2015 to 2019 (2013: 2014 to 2018).

14 TRADE AND OTHER RECEIVABLES AND LOANS TO JOINT VENTURES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (note (a)):				
– third parties	**207,031**	179,944	**–**	–
– joint ventures and an associate	**11,919**	3,190	**–**	–
– a fellow subsidiary	**127**	–	**–**	–
– other related companies	**292**	1,972	**–**	–
	219,369	185,106	**–**	–
Less: provision for impairment				
– third parties	**(8,056)**	(4,131)	**–**	–
Trade receivables, net	**211,313**	180,975	**–**	–
Other receivables:				
– third parties	**66,049**	101,210	**2,493**	4,133
– immediate holding company (note (b))	**15,130**	20,982	**–**	–
– fellow subsidiaries (note (b))	**3,171**	2,819	**–**	–
– subsidiaries (note (b))	**–**	–	**742,888**	647,586
– joint ventures and associates (note (b))	**196,103**	162,902	**5,194**	7,691
– other related companies (note (b))	**767**	606	**–**	6
	281,220	288,519	**750,575**	659,416
Total trade and other receivables	**492,533**	469,494	**750,575**	659,416
Loans to joint ventures (note (c))	**18,908**	22,823	**4,658**	8,337

14 TRADE AND OTHER RECEIVABLES AND LOANS TO JOINT VENTURES (CONTINUED)

(a) 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:

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

Trade receivables that are less than three months past due are not considered impaired. As of 31st December 2014, trade receivables of HK$12,856,000 (2013: HK$8,426,000) 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:

	2014	2013
	HK$'000	HK$'000
Up to 3 months	**9,918**	8,163
4 to 6 months	**2,651**	197
Over 6 months	**287**	66
	12,856	8,426

14 TRADE AND OTHER RECEIVABLES AND LOANS TO JOINT VENTURES (CONTINUED)

(a) (Continued)

As of 31st December 2014, trade receivables of HK$8,056,000 (2013: HK$4,131,000) 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:

	2014 HK$'000	2013 HK$'000
4 to 6 months	**322**	–
7 to 12 months	**3,941**	45
Over 12 months	**3,793**	4,086
	8,056	4,131

Movements in the Group's provision for impairment of trade receivables are as follows:

	2014 HK$'000	2013 HK$'000
At 1st January	**4,131**	4,120
Provision for impairment (note 22)	**3,926**	39
Bad debt written-off	**(1)**	(28)
At 31st December	**8,056**	4,131

The creation and release of provision for impaired receivables have been included in "other (losses)/gains – net" in the consolidated income statement (note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The trade receivables due from related parties are unsecured, interest-free and have similar terms of repayment as third party receivables.

(b) Other receivables due from related parties are interest-free, unsecured and are repayable on demand.

14 TRADE AND OTHER RECEIVABLES AND LOANS TO JOINT VENTURES (CONTINUED)

(c) Loans to joint ventures of the Group and the Company are repayable on demand or within twelve months from balance sheet date, and are mainly denominated in Renminbi.

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unsecured loans				
– interest-free	**11,788**	12,015	**4,658**	4,674
– at floating rate (note)	**7,120**	10,808	**–**	3,663
	18,908	22,823	**4,658**	8,337

Note:

The loans bear interest at the base lending rate announced by the People's Bank of China ("PBOC") (31st December 2013: base lending rate announced by the PBOC).

(d) The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**215,964**	193,312	**289,365**	224,434
Renminbi	**274,135**	263,976	**131,374**	158,694
United States dollar	**2,434**	12,206	**329,836**	276,288
	492,533	469,494	**750,575**	659,416

(e) The carrying amounts of trade and other receivables approximate their fair values.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**417,625**	572,272	**71,415**	127,423
Short-term bank deposits	**115,520**	28,697	**33,033**	24,525
	533,145	600,969	**104,448**	151,948

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**208,762**	288,998	**65,178**	141,424
Renminbi	**284,001**	245,397	**33,555**	9,988
United States dollar	**36,654**	60,294	**5,715**	536
Macau pataca	**3,724**	6,276	**–**	–
Euro	**4**	4	**–**	–
	533,145	600,969	**104,448**	151,948

Cash and cash equivalents denominated in Renminbi are mainly held by the Group with banks operating in the PRC where exchange controls apply.

The weighted average effective interest rates of short-term bank deposits of the Group and the Company as at 31st December 2014 were 3.80% (2013: 1.21%) and 3.54% (2013: 1.10%) per annum respectively.

16 SHARE CAPITAL

	As at 31st December 2014		As at 31st December 2013	
	Number of shares ('000)	**HK$'000**	Number of shares ('000)	HK$'000
Authorised: (note (a))				
Ordinary shares of HK$0.10 each (note (b))	–	–	2,000,000	200,000

	Number of shares ('000)	Share Capital HK$'000
At 1st January 2014	900,000	90,000
Transition to no-par value regime on 3rd March 2014 (note (c))	–	787,762
At 31st December 2014	900,000	877,762
At 1st January 2013 and 31st December 2013	900,000	90,000

Notes:

(a) Under the Hong Kong Companies Ordinance (Cap. 622), which became effective on 3rd March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3rd March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3rd March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

17 RESERVES

Group

	Exchange reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Merger reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January 2014	230,881	23,009	167,717	54,600	(619,441)	1,750	1,351,962	1,210,478
Profit for the year	–	–	–	–	–	–	221,268	221,268
Currency translation differences								
– subsidiaries	(2,454)	–	–	–	–	–	–	(2,454)
– joint ventures and associates	(1,728)	–	–	–	–	–	–	(1,728)
Transfer of reserves	–	–	–	11,234	–	–	(11,234)	–
Expiry of warrants (note)	–	–	–	–	–	(1,750)	1,750	–
2013 final dividend	–	–	–	–	–	–	(49,500)	(49,500)
2014 interim dividend	–	–	–	–	–	–	(18,000)	(18,000)
At 31st December 2014	226,699	23,009	167,717	65,834	(619,441)	–	1,496,246	1,360,064
Representing:								
2014 final dividend proposed								54,000
Reserves								1,306,064
								1,360,064
At 1st January 2013	197,661	23,009	167,717	44,143	(619,441)	–	1,230,001	1,043,090
Profit for the year	–	–	–	–	–	–	190,918	190,918
Currency translation differences								
– subsidiaries	21,621	–	–	–	–	–	–	21,621
– joint ventures and associates	11,599	–	–	–	–	–	–	11,599
Transfer of reserves	–	–	–	10,457	–	–	(10,457)	–
Issue of warrants (note)	–	–	–	–	–	1,750	–	1,750
2012 final dividend	–	–	–	–	–	–	(40,500)	(40,500)
2013 interim dividend	–	–	–	–	–	–	(18,000)	(18,000)
At 31st December 2013	230,881	23,009	167,717	54,600	(619,441)	1,750	1,351,962	1,210,478
Representing:								
2013 final dividend proposed								49,500
Reserves								1,160,978
								1,210,478

17 RESERVES (CONTINUED)

Group (Continued)

Note:

On 13th June 2013, the Company issued 180,000,000 units of non-listed warrants at a consideration of HK$0.01 each. Total consideration was HK$1,800,000. Transaction cost of HK$50,000 was deducted from the proceeds. Warrant holders were conferred rights to convert each unit of warrant into one unit of ordinary share of the Company at a price of HK$2.20 per unit before the expiry date of 12th June 2014. The net proceeds from the issue of warrants was accounted for as equity by the Company. The warrants were not exercised until its expiry date of 12th June 2014 and the amount of HK$1,750,000 was transferred from other reserves to retained profits of the Company during the year ended 31st December 2014.

(a) Capital reserve

The capital reserve mainly represents a capital contribution made by CKSE, the immediate holding company, during a group reorganisation in 2010. In the reorganisation, CKSE transferred to the Group one subsidiary at a consideration of HK$1 and two joint ventures at nil consideration. Accordingly, the fair values of the net assets of the subsidiary and joint ventures transferred to the Group were accounted for as capital contributions.

(b) Statutory reserve

In accordance with PRC regulations, subsidiaries, joint ventures and associates in the PRC are required to transfer part of their profit after income tax to the enterprise expansion and reserve funds. The quantum of the transfers are subject to the approval of the board of directors of these subsidiaries, joint ventures and associates in accordance with their respective articles of association. The funds are required to be retained in the financial statements of the respective subsidiaries, joint ventures and associates for specific purposes.

(c) Merger reserve

The Group entered into business combination under common control in previous years. Upon the completion of the acquisition, a merger reserve, being the difference between the consideration made by the Company and the net assets value of the combining entity as at completion date, was recognised.

17 RESERVES (CONTINUED)

Company

	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January 2014	1,750	824,845	826,595
Profit for the year	–	110,124	110,124
Expiry of warrants	(1,750)	1,750	–
2013 final dividend	–	(49,500)	(49,500)
2014 interim dividend	–	(18,000)	(18,000)
At 31st December 2014	–	869,219	869,219
Representing:			
2014 final dividend proposed			54,000
Reserves			815,219
			869,219

	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January 2013	–	834,694	834,694
Profit for the year	–	48,651	48,651
Issue of warrants	1,750	–	1,750
2012 final dividend	–	(40,500)	(40,500)
2013 interim dividend	–	(18,000)	(18,000)
At 31st December 2013	1,750	824,845	826,595
Representing:			
2013 final dividend proposed			49,500
Reserves			777,095
			826,595

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (notes (a) and (c)):				
– third parties	**271,189**	266,011	**–**	–
– immediate holding company	**12,102**	6,903	**–**	–
– fellow subsidiaries	**7,046**	10,856	**–**	–
– joint ventures and associates	**30,762**	37,067	**–**	–
– other related companies	**20,622**	6,174	**–**	–
	341,721	327,011	**–**	–
Other payables:				
– third parties	**168,080**	156,324	**9,630**	10,318
– immediate holding company (note (c))	**1,673**	16,043	**59**	–
– fellow subsidiaries (note (c))	**2,590**	632	**–**	–
– subsidiaries (note (c))	**–**	–	**282,405**	271,675
– joint ventures and associates (note (c))	**108,985**	107,254	**–**	–
– other related companies (note (c))	**1,421**	327	**–**	–
– key management (note (d))	**2,466**	3,873	**2,466**	3,873
	285,215	284,453	**294,560**	285,866
	626,936	611,464	**294,560**	285,866

(a) The ageing analysis of the Group's trade payables by invoice date is as follows:

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

18 TRADE AND OTHER PAYABLES (CONTINUED)

(b) The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**461,633**	456,908	**284,560**	285,866
Renminbi	**165,303**	154,556	**–**	–
United States dollar	**–**	–	**10,000**	–
	626,936	611,464	**294,560**	285,866

(c) The trade and other payables due to related parties are unsecured and interest-free. Trading balances have similar terms of settlement as those of third party payables whereas other balances are repayable on demand.

(d) The amounts represent salaries and bonuses payable to key management which are unsecured, interest-free and repayable within 12 months from balance sheet date.

(e) The carrying amounts of trade and other payables approximate their fair values.

19 LOANS FROM ASSOCIATES, AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS OF SUBSIDIARIES AND AMOUNT DUE TO A RELATED PARTY – GROUP AND COMPANY

(a) Breakdown of loans from associates

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
– interest-free (note (i))	**1,115**	1,119	**–**	–
– at fixed interest rate (note (ii))	**25,352**	25,439	**25,352**	25,268
	26,467	26,558	**25,352**	25,268

(i) The loan is provided by an associate to the Group which is denominated in Renminbi, unsecured and repayable on demand.

(ii) The loan is provided by an associate to the Company which is denominated in Renminbi, unsecured, interest bearing at 3% and 3.25% per annum (2013: 3.25% per annum) and repayable on demand.

19 LOANS FROM ASSOCIATES, AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS OF SUBSIDIARIES AND AMOUNT DUE TO A RELATED PARTY – GROUP AND COMPANY (CONTINUED)

(b) Breakdown of amounts due to the non-controlling interests of subsidiaries

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
– interest-free (note (i))	**3,223**	–	**–**	–
– at fixed interest rate (note (ii))	**32,527**	–	**–**	–
	35,750	–	**–**	–
Current				
– interest-free (note (i))	**68,450**	47,764	**–**	–
– at fixed interest rate (note (ii))	**–**	4,242	**–**	–
– at floating rate (note (iii))	**10,103**	–	**–**	–
	78,553	52,006	**–**	–
	114,303	52,006	**–**	–

(i) The amount of HK$3,223,000 is denominated in Hong Kong dollars, unsecured and repayable in 2016. The amounts of HK$68,450,000 are denominated in Hong Kong dollars, unsecured and repayable in 2015 (2013: repayable in 2014).

(ii) The amounts are denominated in Hong Kong dollars, unsecured, repayable in 2016 and 2017 (2013: repayable in 2014) and interest-bearing at 4% (2013: 4%) per annum.

(iii) The amount is denominated in Renminbi, unsecured, repayable in 2015 and interest-bearing at the base lending rate announced by the PBOC.

(c) The amount due to a related party, the ultimate beneficial shareholder of a non-controlling interest, is denominated in Renminbi, unsecured, repayable on demand and interest-bearing at the base lending rate announced by the PBOC.

20 BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unsecured, short term bank loans	**100,000**	100,000	**100,000**	100,000
Long term bank loans:				
– secured	**32,135**	63,597	**–**	–
– unsecured	**270,000**	280,000	**270,000**	280,000
	402,135	443,597	**370,000**	380,000

The maturity of the long term bank loans is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Repayable within one year	**166,000**	162,720	**166,000**	150,000
Repayable within one to two years	**123,014**	38,718	**104,000**	26,000
Repayable within two to five years	**13,121**	142,159	**–**	104,000
	302,135	343,597	**270,000**	280,000
Current portion included in current liabilities	**(166,000)**	(162,720)	**(166,000)**	(150,000)
	136,135	180,877	**104,000**	130,000

The secured bank loans are secured by certain land use rights and property, plant and equipment of the Group (notes 6 and 8), denominated in Renminbi and interest bearing at the base lending rate announced by the PBOC. The unsecured bank loans are denominated in Hong Kong dollars and bear interest at rates range from 1.68% to 4.00% (2013: 1.68% to 3.90%) per annum.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are within one year.

21 OTHER INCOME

	2014 HK$'000	2013 HK$'000
Management fee income from CKSE (note 35(a)(ii))	**28,632**	26,733
Property rental income	**20,223**	12,868
Subsidies from the PRC government	**11,491**	6,680
Others	**963**	2,015
	61,309	48,296

22 OTHER (LOSSES)/GAINS – NET

	2014 HK$'000	2013 HK$'000
Exchange (losses)/gains, net	**(798)**	16,220
Loss on write-off of property, plant and equipment	**(560)**	(4,849)
Gain on disposals of property, plant and equipment, net	**802**	967
Provision for impairment of trade receivables, net (note 14)	**(3,926)**	(39)
	(4,482)	12,299

23 COSTS AND EXPENSES BY NATURE

	2014 HK$'000	2013 HK$'000
Amortisation of land use rights	**10,771**	10,438
Auditor's remuneration		
– audit services	**3,125**	3,052
– non-audit services	**975**	1,048
Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost)	**893,719**	772,804
Depreciation of property, plant and equipment	**90,780**	79,353
Depreciation of investment properties	**57**	57
Operating lease rental expenses		
– vessels and barges	**115,379**	116,109
– buildings	**26,165**	16,954
– property that generated rental income	**5,000**	5,000
Staff costs (including directors' emoluments) (note 30)	**345,343**	315,147
Others	**185,533**	175,348
Total cost of services rendered and general and administrative expenses	**1,676,847**	1,495,310

24 FINANCE INCOME AND COST

	2014 HK$'000	2013 HK$'000
Finance income		
Interest income on short-term bank deposits and bank balances	**4,157**	3,670
Interest income on loans to joint ventures	**510**	758
	4,667	4,428
Finance cost		
Interest expense on bank borrowings	**(8,535)**	(14,256)
Interest expense on loan from an associate	**(814)**	(827)
Interest expense on amount due to the non-controlling interests	**(905)**	(159)
Interest expense on amount due to a related party	**(1,017)**	(911)
Less: amounts capitalised on qualifying assets	**1,478**	4,178
	(9,793)	(11,975)

The capitalisation rate applied to funds borrowed is 2.1% (2013: 3.6%) per annum.

25 SHARE OF PROFITS LESS LOSSES OF JOINT VENTURES AND ASSOCIATES

	2014 HK$'000	2013 HK$'000
Share of profits less losses before income tax of		
– joint ventures	**90,648**	87,186
– associates	**22,436**	19,421
	113,084	106,607
Share of income tax of		
– joint ventures	**(22,883)**	(22,825)
– associates	**(5,655)**	(4,758)
	(28,538)	(27,583)
	84,546	79,024

26 INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Current income tax		
– Hong Kong profits tax	**19,073**	17,407
– PRC corporate income tax	**28,176**	27,906
– Macau profits tax	**2,393**	2,432
– Under provision in prior years	**1,509**	7
Deferred income tax expense (note 13)	**7,226**	7,706
	58,377	55,458

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. PRC corporate income tax has been calculated on the estimated assessable profit for the year at the income tax rate of the PRC entities of 25% (2013: 25%). Macau profits tax has been provided at the applicable tax rate (2013: applicable tax rate) on the estimated assessable profit for the year.

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 (note 25).

26 INCOME TAX EXPENSE (CONTINUED)

The income tax on the Group's profit before share of profits less losses of joint ventures and associates, and income tax expense differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2014 HK$'000	2013 HK$'000
Profit before share of profits less losses of joint ventures and associates, and income tax expense	**203,766**	177,017
Calculated at a tax rate of 16.5% (2013: 16.5%)	**33,621**	29,208
Effect of different tax rates applicable to the subsidiaries in the PRC and Macau	**8,393**	4,091
Income not subject to income tax	**(103,244)**	(95,520)
Expenses not deductible for income tax purposes	**104,281**	96,742
Tax losses not recognised	**7,199**	13,377
Under provision in prior years	**1,509**	7
Utilisation of previously unrecognised tax loss	**(771)**	(78)
	50,988	47,827
Withholding income tax on undistributed profits of PRC enterprises	**7,389**	7,631
Income tax expense	**58,377**	55,458

27 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company includes a profit of HK$110,124,000 (2013: HK$48,651,000) which is dealt with in the financial statements of the Company.

28 DIVIDENDS

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

The dividends paid during the years ended 31st December 2014 and 2013 were HK$67,500,000 (HK7.5 cents per share) and HK$58,500,000 (HK6.5 cents per share) respectively.

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

29 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

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

Diluted

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

Diluted earnings per share for the year ended 31st December 2013 was calculated by adjusting the profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares.

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

30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 HK$'000	2013 HK$'000
Salaries and allowances	328,297	298,749
Retirement benefit costs – defined contribution plans (note)	17,046	16,398
	345,343	315,147

Note:

The Group operates defined contribution schemes which are available to all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the consolidated income statement as incurred. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group has no further payment obligations once the contributions have been paid.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of eligible employees. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire retirement benefit obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes.

31 DIRECTORS' AND FIVE HIGHEST-PAID INDIVIDUALS' EMOLUMENTS

(a) The remuneration of each director is set out below:

	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Employer's contributions to retirement benefit scheme HK$'000	Total HK$'000
2014					
Mr. Liu Weiqing	–	–	–	–	–
Mr. Xiong Gebing (note (b))	250	339	1,422	17	2,028
Mr. Huang Shuping	42	23	560	3	628
Mr. Yu Qihuo	–	–	–	–	–
Mr. Zhang Lei	–	–	–	–	–
Mr. Zeng He	208	312	1,166	17	1,703
Mr. Cheng Jie	208	283	760	14	1,265
Mr. Hu Jiahong	–	–	–	–	–
Mr. Chan Kay-cheung	250	–	–	–	250
Ms. Yau Lai Man	100	–	–	–	100
Mr. Chow Bing Sing	100	–	–	–	100
	1,158	957	3,908	51	6,074

	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Employer's contributions to retirement benefit scheme HK$'000	Total HK$'000
2013					
Mr. Liu Weiqing	–	–	–	–	–
Mr. Xiong Gebing (note (b))	250	300	853	15	1,418
Mr. Huang Liezhang	84	128	685	6	903
Mr. Huang Shuping	250	281	814	14	1,359
Mr. Yu Qihuo	–	–	–	–	–
Mr. Zhang Lei	–	–	–	–	–
Mr. Chan Kay-cheung	250	–	–	–	250
Ms. Yau Lai Man	100	–	–	–	100
Mr. Chow Bing Sing	100	–	–	–	100
	1,034	709	2,352	35	4,130

31 DIRECTORS' AND FIVE HIGHEST-PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(b) Mr. Xiong Gebing is an Executive Director who is also the Managing Director of the Company.

(c) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the year ended 31st December 2014 include three (2013: three) directors whose emoluments are shown above. The emoluments to the remaining two (2013: two) highest paid individuals during the year are as follows:

	2014	2013
	HK$'000	HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**999**	842
Bonuses	**1,240**	939
Retirement benefit costs – defined contribution plans	**11**	15
	2,250	1,796

The emoluments of the two (2013: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$500,000 – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1

(d) During the year, no emoluments have been paid by the Group to the directors or the senior management as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the directors waived or has agreed to waive any emoluments. No share options were granted to the directors and senior management as at 31st December 2014 and 2013.

32 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated from operations

	2014 HK$'000	2013 HK$'000
Operating profit	**208,892**	184,564
Amortisation of land use rights	**10,771**	10,438
Depreciation of property, plant and equipment and investment properties	**90,837**	79,410
Exchange losses/(gains), net	**798**	(16,220)
(Gain)/loss on disposals/write-off of property, plant and equipment, net	**(242)**	3,882
Provision for impairment of trade receivables, net	**3,926**	39
Operating profit before working capital changes	**314,982**	262,113
Decrease/(increase) in trade and other receivables	**20,405**	(70,927)
Increase in trade and other payables	**15,801**	62,690
Cash generated from operations	**351,188**	253,876

Major non-cash transactions in 2013 represented the transfer of HK$48,871,000 from deposits and prepayments to land use rights upon obtaining the land use right certificate.

33 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Contracted but not provided for				
– Investment in a subsidiary (note (i))	**–**	–	**–**	8,613
– Investment in a joint venture (note (ii))	**97,653**	97,653	**97,653**	97,653
– Land use rights	**–**	21,712	**–**	–
– Property, plant and equipment	**72,468**	74,055	**584**	–
	170,121	193,420	**98,237**	106,266
Authorised but not contracted				
– Property, plant and equipment	**5,007**	6,400	**–**	–
	175,128	199,820	**98,237**	106,266

(i) The balance represented the outstanding capital investment in a subsidiary, Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd as at 31st December 2013.

(ii) The balance represented the outstanding capital investment in a joint venture, Guangzhou Nansha Chu Kong Terminal Company Limited.

The Group's share of capital commitments of the joint ventures and associates not included in the above is as follows:

	2014 HK$'000	2013 HK$'000
Contracted but not provided for	**1,762**	6,982
Authorised but not contracted	**–**	–
	1,762	6,982

33 COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

The future aggregate minimum lease payables under non-cancellable operating leases are payable as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Land and buildings:				
Not later than one year	**16,684**	9,933	**48**	1,399
Later than one year and not later than five years	**8,154**	7,456	**–**	–
Over five years	**191**	390	**–**	–
	25,029	17,779	**48**	1,399
Vessels and barges:				
Not later than one year	**25,098**	19,055	**–**	–
Later than one year and not later than five years	**1,680**	708	**–**	–
	26,778	19,763	**–**	–
	51,807	37,542	**48**	1,399

34 FUTURE OPERATING LEASE ARRANGEMENTS

The future aggregate minimum lease receipts under non-cancellable operating leases are receivable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Land and buildings:				
Not later than one year	**18,539**	1,157	**–**	–
Later than one year and not later than five years	**30,535**	–	**–**	–
	49,074	1,157	**–**	–
Vessel and barges:				
Not later than one year	**–**	1,442	**–**	–
	49,074	2,599	**–**	–

35 RELATED PARTY TRANSACTIONS

The directors of the Group regard CKSE as the immediate holding company, which owns 72.0% (2013: 72.0%) of the Company's ordinary shares. The parent company of the Group is Guangdong Province Navigation Group Company Limited ("GNG"), a state-owned enterprise established in the PRC. GNC itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include GNC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and GNC as well as their close family members.

For the years 2014 and 2013, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include most of its bank deposits and the corresponding interest income and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

35 RELATED PARTY TRANSACTIONS (CONTINUED)

Significant transactions with immediate holding company, fellow subsidiaries, joint ventures, associates and related companies:

(a) Transactions with related parties

	Note	2014 HK$'000	2013 HK$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– fellow subsidiaries		**265**	293
– a joint venture		**97**	261
– other related companies		**232**	215
Passenger transportation agency fees	(i)		
– fellow subsidiaries		**2,031**	1,942
– joint ventures and associates		**11,129**	11,508
– other related companies		**2,465**	2,401
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		**5,541**	5,701
– joint ventures and associates		**23,514**	24,348
– other related companies		**13,119**	12,500
Management service fees			
– immediate holding company	(ii)	**28,632**	26,733
– joint ventures	(iii)	**3,148**	2,807
– a related company	(iii)	**264**	–
Vessel rental income	(i)		
– a related company		**2,701**	2,431
Interest income			
– joint ventures	(iv)	**422**	758

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	Note	2014 HK$'000	2013 HK$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transshipment expenses	(i)		
– joint ventures and associates		**15,503**	20,590
– other related companies		**11,515**	10,771
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– joint ventures and associates		**57,034**	49,970
– a related company		**14,793**	5,873
Agency fee expenses	(i)		
– a fellow subsidiary		**447**	265
– joint ventures and associates		**1,065**	888
– other related companies		**34**	109
Ferry terminal operation services fee	(i)		
– a fellow subsidiary		**7,295**	6,656
Luggage handling fee	(v)		
– a related company		**7,207**	7,317
Fuel charges	(i)		
– a fellow subsidiary		**80,460**	73,117
Vessel rental expenses	(i)		
– joint ventures and associates		**30,461**	30,227
Warehouse rental expenses	(vi)		
– immediate holding company		**5,000**	5,000
Office rental expenses	(i)		
– immediate holding company		**6,716**	6,639
Staff quarter rental expenses	(i)		
– immediate holding company		**2,181**	2,163
Loan interest expenses			
– an associate	(vii)	**817**	827
– non-controlling interests	(viii)	**156**	159
– a related company	(ix)	**840**	911
Management fee expense	(x)		
– immediate holding company		**7,200**	7,200
Advertising expense			
– a joint venture	(xi)	**3**	25

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes:

(i) These transactions were conducted at terms pursuant to agreements as entered into between the Group and the respective related parties or as mutually agreed between the Group and the respective related parties.

(ii) Management service fees was charged to CKSE for provision of services to a number of subsidiaries and joint ventures of CKSE in Hong Kong and the PRC. According to the management agreement, the management fee is calculated annually at (i) HK$20,000,000 per year or (ii) 3.25% of the total assets value of these companies as at 30th June of each year, whichever is higher, but the amount shall not exceed HK$30,000,000. The contract period is from 1st July 2011 to 30th June 2014, and is subsequently extended to 30th June 2017.

(iii) Management service fees were charged based on the actual costs incurred for the service provided.

(iv) Interests were charged to joint ventures in respect of loans at the base lending rate announced by the PBOC (2013: base lending rate announced by the PBOC), pursuant to the agreements entered into between the Group and the joint ventures.

(v) Luggage handling fee was charged at HK$3.3 (2013: HK$3.3) per item of luggage at China Ferry Terminal, Tsim Sha Tsui by an associate of the immediate holding company as set out in the respective agreement governing these transactions.

(vi) The Group leased a warehouse from CKSE and rental was charged by CKSE pursuant to the agreement governing the transaction.

(vii) Loan interest was charged by an associate at 3% and 3.25% per annum (2013: 3.25% per annum) pursuant to the agreement entered into between the Group and the associate.

(viii) Interest was charged by the non-controlling interests in respect of loans bearing interest rates at 4% per annum or at the base lending rate announced by PBOC (2013: 4% per annum).

(ix) Interest was charged by the related party at the base lending rate announced by the PBOC (2013: base lending rate announced by the PBOC).

(x) Management fee expenses were charged at HK$600,000 per month for IT services provided by CKSE as set out in the agreement governing these transactions.

(xi) The expense was charged at terms as agreed between the Group and the joint venture.

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	2014 HK$'000	2013 HK$'000
Salaries and allowances	7,764	4,755
Directors' fees	1,158	1,034
Retirement benefit scheme contributions	78	65
	9,000	5,854

(c) Loans to joint ventures

	2014 HK$'000	2013 HK$'000
At 1st January	22,823	29,275
Exchange differences	(296)	647
Loans repayments received	(3,619)	(7,099)
At 31st December	18,908	22,823

Five-Year Financial Summary

RESULTS

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Revenue	**1,828,912**	1,619,279	1,514,647	1,384,423	1,172,862
Operating profit	**208,892**	184,564	143,611	155,560	130,152
Finance income	**4,667**	4,428	4,463	4,163	4,982
Finance cost	**(9,793)**	(11,975)	(11,317)	(7,301)	(5,031)
Net finance cost	**(5,126)**	(7,547)	(6,854)	(3,138)	(49)
Share of profits less losses of joint ventures and associates	**84,546**	79,024	50,868	43,988	56,726
Profit before income tax	**288,312**	256,041	187,625	196,410	186,829
Income tax expense	**(58,377)**	(55,458)	(42,374)	(38,724)	(35,789)
Profit for the year	**229,935**	200,583	145,251	157,686	151,040
Attributable to:					
Equity holders of the Company	**221,268**	190,918	135,825	146,819	160,086
Non-controlling interests	**8,667**	9,665	9,426	10,867	(9,046)
	229,935	200,583	145,251	157,686	151,040
Basic earnings per share (HK cents)	**24.59**	21.21	15.01	16.31	17.79
Dividends (HK$'000)	**72,000**	67,500	40,500	31,500	54,000
Dividend per share (HK cents)	**8.0**	7.5	4.5	3.5	6.0

ASSETS AND LIABILITIES

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Non-current assets	**2,689,371**	2,424,061	2,260,156	2,213,387	2,086,739
Current assets	**1,044,586**	1,093,286	942,263	695,998	613,395
Total assets	**3,733,957**	3,517,347	3,202,419	2,909,385	2,700,134
Non-current liabilities	**248,371**	254,292	231,584	140,779	139,747
Current liabilities	**1,038,713**	996,667	880,370	792,508	641,675
Total liabilities	**1,287,084**	1,250,959	1,111,954	933,287	781,422
Total equity	**2,446,873**	2,266,388	2,090,465	1,976,098	1,918,712

Notes:

(a) The financial information for the years ended 31st December 2013 and 2014 were extracted from the 2014 financial statements.

(b) The financial information for the years ended 31st December 2010, 2011 and 2012 were extracted from the 2013 Annual Report.

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