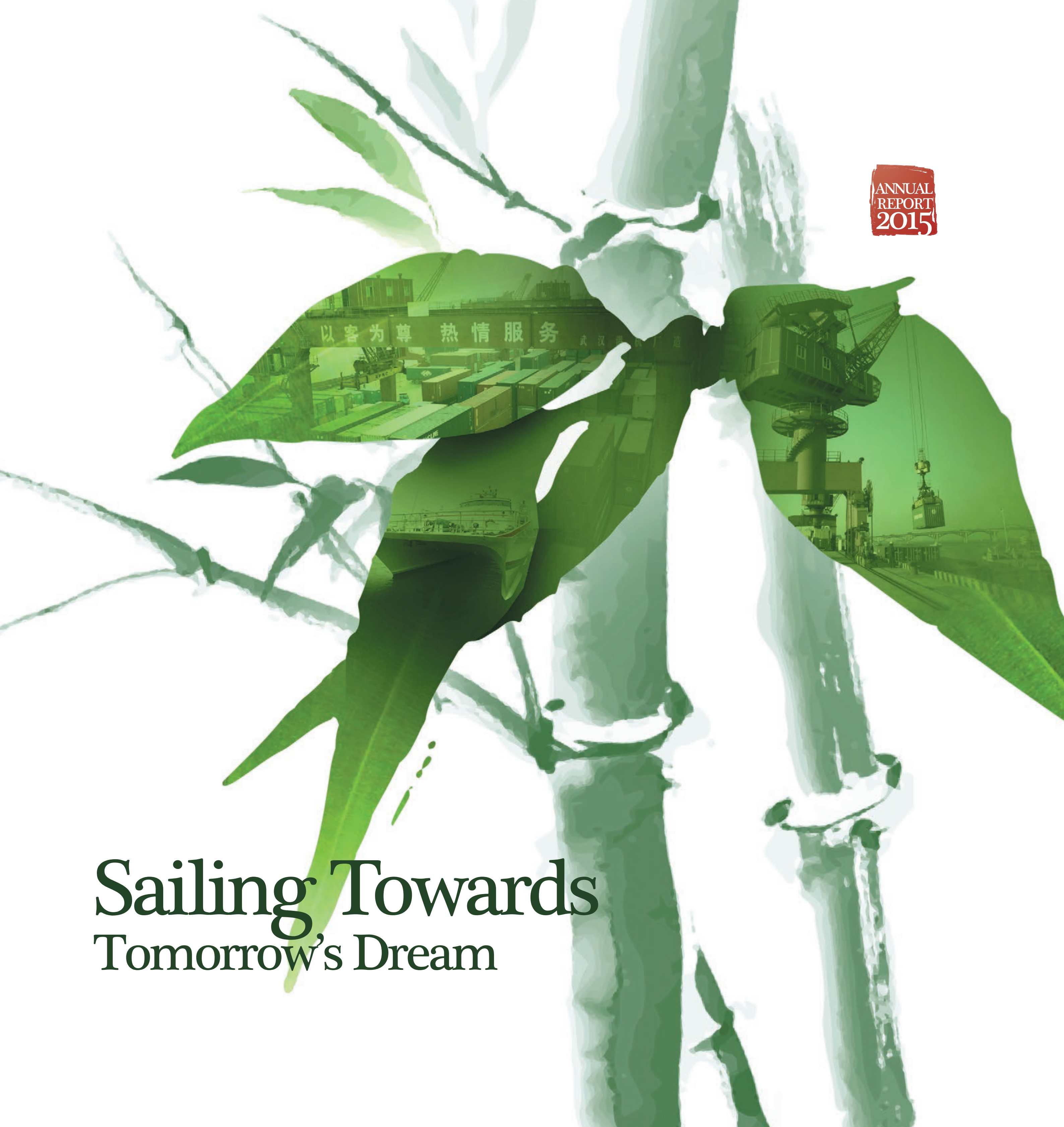
CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 00560



ANNUAL REPORT 2015

Sailing Towards Tomorrow's Dream

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

		2015	2014	Change
Results				
Revenue	*HK$ Million*	**1,922.3**	1,828.9	5.1%
Operating profit	*HK$ Million*	**199.3**	208.9	–4.6%
Profit attributable to the equity holders of the Company	*HK$ Million*	**232.4**	221.3	5.0%
Operating profit margin	*(%)*	**10.4**	11.4	–8.8%
Financial Position				
Total assets	*HK$ Million*	**4,023.3**	3,734.0	7.7%
Total liabilities	*HK$ Million*	**1,098.7**	1,287.1	–14.6%
Total equity	*HK$ Million*	**2,924.6**	2,446.9	19.5%
Cash and cash equivalents	*HK$ Million*	**859.0**	533.1	61.1%
Current ratio		**1.6**	1.0	60%
Debt ratio	*(%)*	**27.3**	34.5	–20.9%

Corporate Information

Executive Director

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

Independent Non-executive Director

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

Executive Committee

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

Non-executive Director

Mr. Zhang Lei

Company Secretary

Ms. Cheung Mei Ki Maggie

Nomination Committee

Mr. Xiong Gebing
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

22nd Floor, Chu Kong Shipping Tower
143 Connaught Road
Central
Hong Kong

Business Headquarter

24th Floor, Chu Kong Shiping Tower
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Tel: (852) 2581 3799
Fax: (852) 2851 0389
Website: www.cksd.com

Business Location

Chairman's Statement

We build
the solid foundation for our futures

Mr. Xiong Gebing
Chairman

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

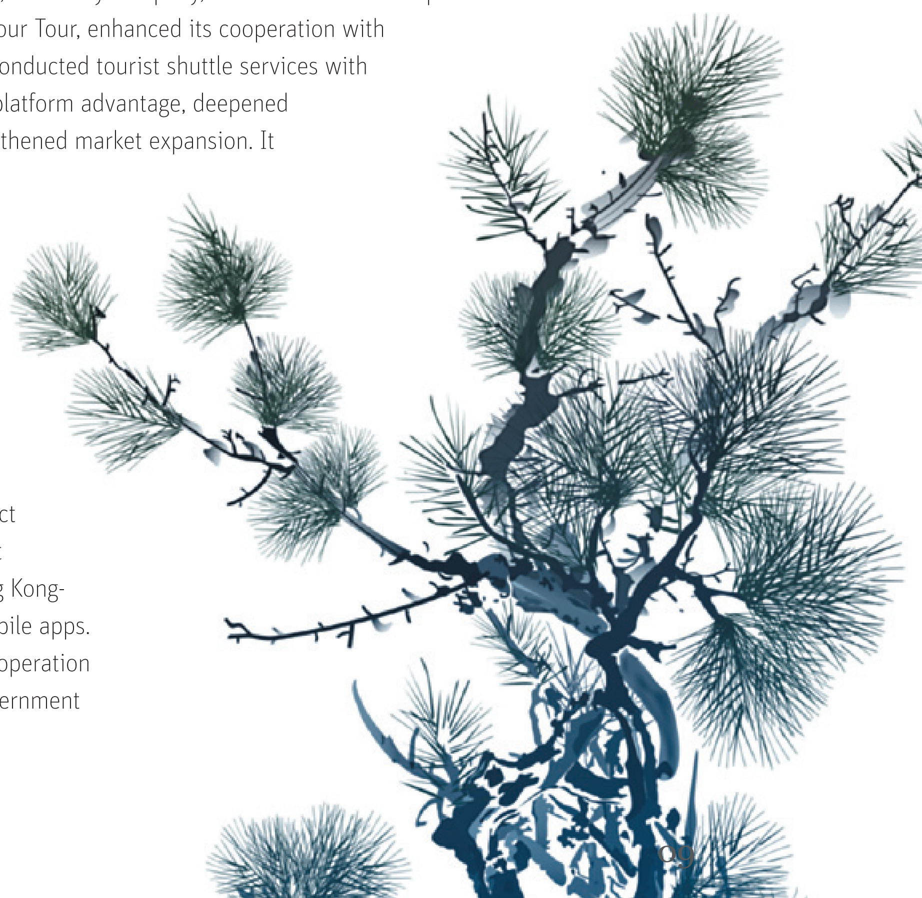
In 2015, China's economic development entered into a new normal state, and the management of the Group diligently implemented the decisions put forth by the board of directors of the Company (the "Board"), strove to promote enterprise development, actively implemented transformation and upgrading, completed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

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

(I) Terminal navigation logistics business continued to expand. In 2015, there was a significant drop in total export and import volume of foreign trade in Guangdong and also the throughput volume in Hong Kong, but the Group achieved a container handling volume of 1,366,000 TEU, representing a year-on-year increase of 4.7% and a container transportation volume of 1,378,000 TEU, representing a year-on-year increase of 5.6%. This result significantly out-performed the market norm. For terminal operation, the Group actively proceeded with the following tasks: Firstly, it promoted its professional operation and re-structured cargo sources to differentiate itself from competitors. Through optimising the cargo sources structure, both volume and price rose at many terminals. By upgrading the facilities in the terminal and improving custom clearance efficiency, Gaoming Port continued to achieve a growth in net profit at a pace that was higher than revenue growth. Heshan Port recorded a substantial increase in renewable resources cargo due to its aggressive expansion in cargo sources channels. Sihui Port recorded an increase of 14.4% in factory export trade cargo by developing the surrounding cargo sources. Civet Port actively introduced new freight forwarders and optimised the cargo sources structure. Through promoting the domestic feeder business for foreign trade and making efforts in developing the ceramics export business, Sanbu Port recorded an increase of 57.3% in ceramics tiles container handling volume. Secondly, the Group actively developed an integrated logistics structure and expanded its overseas markets. Chu Kong Transhipment & Logistics Company Limited ("CKTL") recorded a significant increase in gross profit through upgrading its warehouses, introducing high value cargoes such as duty free

liquor & tobacco and aircraft engineering parts. Meanwhile, it actively explored and participated in numerous large-scale integrated logistics projects and break bulk cargo business, and completed an one-stop logistics solution on integrated transportation and handling for locomotives, over 1,300 pieces of ultra-large infrastructure cement bridge components and a total of 60 sets of large-sized aircraft boarding bridges from two boarding bridge manufacturers. The Group coordinated the resources of CKTL and Nansha Bonded Logistics Park, attracted cross-border e-commerce business through its two logistics paths "Hong Kong-Nansha Water-way Express" and "Green Fast Land-way Express"; made Qingyuan Port as the only outpost of renewable resources cargoes in Nansha and set up the "Qingyuan to Nansha" express service. In addition, the Group actively explored the overseas markets. In March 2015, the newly established freight forwarder company in Malaysia commenced its operation and created a new platform of regional cooperation and business linkage with the freight forwarder company in Singapore. Thirdly, the Group actively set up cross-border e-commerce business in Nansha, seized opportunities, explored business opportunities, actively implemented the Nansha strategy, cooperated to push forward the construction of Nansha Bonded Logistics Park project, kicked off the "Internet +" e-commerce platform strategy, and carried out in-depth integration through the interaction of online and offline. Fourthly, the Group developed an innovative mechanism to promote diversified-ownership reform. It facilitated the pilot enterprises for diversified-ownership reform in Gaoming Port. Civet Port in Zhuhai introduced strategic partners through capital injection, upgraded its warehouses and enlarged its container yard to enhance its competitiveness.

(II) Water-way high-speed passenger transportation has reached a new peak in its total profit contributions. In 2015, for water-way high-speed passenger transportation, the Group actively carried out the following works: Firstly, it adjusted its route resources and increased overall efficiency. Lianhuashan Port successfully restored the airport route and added extra flights. It promoted the cooperation program with Nansha and actively adjusted intermediate ports, earning a higher share of the revenue generated. At the same time, it continued to implement "land-water transshipment" strategy and stabilised the customer base in Jiangmen, Doumen, Gaoming, Heshan and other regions. Secondly, it met the needs in transformation and cultivated local markets in an in-depth manner. By giving full play to the platform role of Fortune Ferry, a custody company, it continued to develop local businesses, including the Victoria Harbour Tour, enhanced its cooperation with Connect Media in advertising business and conducted tourist shuttle services with Ngong Ping 360. Thirdly, it leveraged on its platform advantage, deepened the cooperation with ship owners and strengthened market expansion. It established platforms through marketing promotion in Guiyang-Guangzhou High-speed Railway Conference and airlines service fraternity gatherings to further improve market influence. Fourthly, it enhanced brand recognition by elevating service experience. Chu Kong High-Speed Ferry Company Limited coordinated with ship owners for management training to improve the quality of pre-boarding and direct baggage transfer services. A number of ticket promotion activities were conducted in Hong Kong-Macau routes via Facebook, WeChat and mobile apps. At the same time, through means such as cooperation with airlines, travel agencies and Macau Government



Tourist Office and participation in overseas tourism exhibitions, it developed its overseas customer base, increased sales channels and consolidated cooperative relationships. Fifthly, the Group's e-commerce platform "HEMA-WANG" project was progressing smoothly. With on-line tour as a breakthrough, through mass funding lottery drawing, customers are being attracted. In addition, the facilitation of using public WeChat ID of Chu Kong Passenger Transport Company Limited and the mobile apps of CotaiJet had not only improved transaction convenience, but also further enhanced service quality.

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

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

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

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

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

Xiong Gebing
Chairman

Hong Kong, 29th March 2016

Report of the Directors

We deliver
opportunities to grow earnings

The directors of the Company (the "Directors") are pleased to present their report together with the audited financial statements of the Group for the year ended 31st December 2015.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company's principal business is investment holdings, focusing mainly on two major fields of terminal navigation 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 navigation logistics. Another major business of the Group, the water-way high-speed passenger transportation that is based on Guangdong, Hong Kong and Macau , has developed into the largest operations agent of water-way high-speed passenger transportation.

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.

REVIEW OF OPERATIONS

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

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

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

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

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

I. TERMINAL NAVIGATION LOGISTICS 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.

1. Business Operation Indicators

Performance statistics of our major business operations are as follows:

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

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

2. Subsidiaries

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

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

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

The cargo volume in the Zhaoqing region slightly decreased which was mainly due to the impact of decreasing domestic trade and renewable resources cargo volume. During the year, the terminals in Zhaoqing region recorded a container handling volume of 325,000 TEU, representing a year-on-year decrease of 2.1%, among which foreign trade containers recorded a year-on-year increase of 3.1%, while domestic trade containers recorded a year-on-year decrease of 11.1%. The foreign trade container business of Zhaoqing New Port was affected by the tightening customs policies and the decrease of renewable resources cargo, the overall foreign trade containers handling volume recorded a year-on-year decrease of 7.1%. However, the terminal strengthened the management of traditional domestic trade containers business and gained the recognition and satisfaction to the company from the domestic trade customers, with a year-on-year increase of 2.4% for domestic trade containers business. The terminal will further strengthen the communication

with government authorities, straighten out and standardise the relevant businesses procedures and improve the clearance environment. Meanwhile, it will put more efforts in marketing in factory trade cargo business and encourage at least two international liners to determine Zhaoqing New Port as their primary terminal. Affected by land transportation overloading prevention measures and the closing of Xijiang River Bridge, the domestic trade business in Kangzhou Port recorded a year-on-year decrease of 27.9%, but the foreign trade containers business recorded a year-on-year increase of 12.4% by benefiting from cargo sources backflow. The terminal will enhance marketing efforts and strengthen delicacy management. Zhaoqing Sihui Port broadened its cargo sources and categories, lowered the structural operational risk, so that the factory trade cargo and renewable resources business grew steadily during the year, with container handling volume increased by 7.0% year-on-year. Zhaoqing Gaoyao Port was exposed to the risk of business declining in cargo hinterland, but with a combination of operating management measures, the businesses continued to grow steadily. The container handling volume maintained a stable increase during the year, representing a year-on-year increase of 4.2%. The terminal intensified the collaborating marketing with freight forwarders to maintain the relationship with the existing stone materials customers, and introduce more ship owners to move into Gaoyao Port through several platforms, like barges and freight forwarders.

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

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

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

3. Investment in Joint Ventures and Associates

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

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

II. PASSENGER TRANSPORTATION BUSINESS

The passenger transportation business of the Group continued to see a stable growth. During the year, the total number of passengers for agency services of Chu Kong Passenger Transport Company Limited ("CKPT") was 6,607,000, representing a slightly decrease of 2.7% year-on-year. The number of passengers for terminal services recorded 7,514,000, representing a year-on-year decrease of 4.0%. Benefited from the increase in share of profits of joint ventures and associates due to lower oil prices, the overall profit contribution by passenger transportation business continued to grow, amounted to HK$132,542,000 during the year, representing a year-on-year increase of 9.6%.

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

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

1. 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) 2015	2014	Change
Total number of passengers for agency services	**6,607**	6,789	–2.7%
Total number of passengers for terminal services	**7,514**	7,829	–4.0%

2. Investment in Joint Ventures and Associates of CKPT

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

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

III. OTHER BUSINESSES

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

ENVIRONMENT, SOCIETY AND GOVERNANCE

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibility by enhancing corporate transparency. The Group considers that the environment protection policy performed by it had received encouraging results during the year.

For laws and regulations, the Group endeavors to comply with the laws and regulations of the jurisdiction where its business belongs to, including but not limited to the relevant laws and regulations applicable to Hong Kong and Mainland China and operate in accordance with laws and regulations. To the knowledge of the Group, there was no material change on relevant laws and regulations which have a material impact on the business and operation of the Group during the year and the Group has complied with them in all material aspects without major default.

For human resources, the Group pursues principles of equality, voluntariness and consensus and abides by people-oriented principle in affairs such as provision of employment opportunities, remuneration, training, performance assessment and promotion. To maintain a good staff composition, the Group sets job qualification and requirements as standards of staff recruitment for different positions in each department, aiming at providing equal development platform for all staff.

Customers and suppliers are the core of the Group's interests. The Group has always kept a good cooperative relationship with customers and suppliers. As a corporate citizen, the Group focuses on identifying the key topic to the concern of both parties, establishes communication mechanism and intensifies information disclosure, actively communicates with key customers and suppliers through diversified channels, gets to know their requirements and takes corresponding and necessary measures. Through constructive communication, it tries to balance the opinions and interests of stakeholders and then set direction for the long-term development of the Group.

FINANCIAL REVIEW

Review of Financial Results

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

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

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

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

Liquidity, Financial Resources and Capital Structure

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 31st December 2015, the Group secured a total credit limit of HK$554,000,000 and RMB100,000,000 (equivalent to approximately HK$119,360,000) (2014: HK$745,000,000 and RMB100,000,000 (equivalent to approximately HK$126,759,000)) granted by bona fide banks.

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

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

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

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

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

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 Loans and Pledge of Assets

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

Notes:

1. The bank loan in Hong Kong in 2015 was bearing floating interest rate and unsecured. The relevant terms of which are identical with those set out in 2014 Annual Report.

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

3. Analysis on bank loans are set out in note 21 to the financial statements.

Currency Structure

As at 31st December 2015, cash and cash equivalents held by the Group, of which 52.9% (2014: 39.1%) were denominated in Hong Kong dollar ("HKD"), 41.6% (2014: 53.3%) in Renminbi ("RMB"), 5.5% (2014: 6.9%) in United States dollar ("USD"), a small amount (2014: 0.7%) in Macau pataca and a small amount (2014: a small amount) in Euro, deposited with several banks of good reputation are as follows:

	Amount HK$'000	**Percentage** %
HKD	454,445	52.9
RMB	357,170	41.6
USD	46,998	5.5
Macau pataca	396	0.0
Euro	4	0.0
	859,013	100.0

DIVIDENDS

The interim dividend and interim special dividend declared during the year was HK4 cents (2014: HK2 cents) and HK1 cent (2014: Nil) per ordinary share respectively, totaling HK$54,000,000 (2014: HK$18,000,000) and was paid on 30th October 2015. The Directors have proposed a final dividend of HK5 cents (2014: HK6 cents) per ordinary share for the year, totaling HK$54,000,000 (2014: HK$54,000,000) to shareholders of the Company (the "Shareholders") whose names appeared on the register of members on 27th May 2016.

To align with our mission to share our successes with Shareholders, the Group has maintained a consistent dividend payout policy. With reference to the current cash and cash equivalents, the total dividends in 2015 was HK10 cents, the percentage of total dividends over the profit attributable to equity holders of the Company ("Dividend Coverage") increased as compared with prior year. The Group's Dividend Coverage in the past five years was as follows:

	Dividends per share	**Total dividends**	**Profit attributable to equity holders of the Company**	**Dividend Coverage**
	HK$	HK$'000	HK$'000	
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%
2015*	0.100	108,000	232,362	46.48%

* Dividends per share for the year included a proposed final dividend of HK5 cents per share.

EVENTS AFTER THE YEAR UNDER REVIEW

On 4th March 2016, the Company entered into an agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), pursuant to which, the Company agreed to acquire entire shares of Sun Kong Petroleum Co. Ltd. ("Sun Kong Petroleum") for a consideration of HK$166,000,000. The Company and CKPT entered into an agreement with CKSE and Sportwise Development Limited, pursuant to which, the Company and CKPT agreed to acquire the entire shares of Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Cotai Shipping") for a consideration of MOP88,900,000 (equivalent to approximately HK$86,233,000). The total consideration of these two agreements amounted to approximately HK$252,233,000. Subject to the fulfillment of the conditions precedent in each of the agreements and upon completion of the transactions, Sun Kong Petroleum will become a direct wholly-owned subsidiary of the Company whilst Cotai Shipping will become an indirect wholly-owned subsidiary of the Company. Such transactions have not been completed as at the date of publishing of this annual report. Please refer to the announcement, supplemental announcement and circular of the Company dated 4th March 2016, 24th March 2016 and 29th March 2016 respectively for further particulars of the transactions (including the principal terms and the source of funding).

EMPLOYEES AND REMUNERATION

As at 31st December 2015, the Group employed 1,896 employees (2014: 1,952) and remunerated its employees according to the duty of their positions and market conditions. The staff costs during this year amounted to HK$370,953,000 (2014: HK$345,343,000), such costs included basic salaries and staff benefits such as discretionary bonus, medical and insurance plans, pension scheme and share option scheme etc.. The Group may also provide trainings for staffs from time to time in addition to the above staff benefits.

In respect of the standard for determining the remuneration of the Directors, please see the disclosures in "Remuneration of Executive Directors", "Remuneration of Non-executive Director" and "Remuneration of Independent Non-executive Directors" under Corporate Governance Report of the annual report.

SIGNIFICANT RISKS AND UNSTABLE FACTORS

The operating results, financial position, business and corporate prospects may be affected by various risks and unstable factors. The followings are the risks and unstable factors identified by the Group. Save as disclosed below, other risks that may become significant in the future but is unknown to the Group or is insignificant currently may exist.

Policy Risk

The principal operations and investments of the Group are concentrated in Guangdong Province, Hong Kong and Macau, the operation of terminal navigation logistics business segment is distributed in Pearl River Delta region. The passengers of passenger transportation are mainly between Hong Kong, Macau and Pearl River Delta region. Hence, domestic policy direction has significant impact on the operation and development of terminal business and the number of passengers from passenger transportation. The Group pays close attention to the related policy trends, takes the initiative to communicate with government, studies the contents of new policy and assesses its influence on business, and makes timely adjustment on market strategy and operating arrangement, develops new markets and optimises the structures of cargo and passenger sources.

Market Competitiveness Risk

Regarding terminal navigation logistics business, located beside the main cargo source areas in Pearl River Delta, there are terminals not only operated by the Company but also operated by other companies. The operating costs are higher for part of the terminals operated by the Group that are farther from the cargo source than others, which result in weakening in its competitiveness accordingly. With the continuous improvement of land transport in Guangdong Province, Hong Kong and Macau, the Group confronts with land transport competitors in addition to the shipping competitors. The Group continues to understand the needs from customers, formulates customs clearance related services and prices on a timely basis, improves the knowledge of the advantages and weaknesses of competitors, enhances its quality of service and customer satisfaction, replaces price competitiveness by services, strengthens the cooperation of the overall supply chain with customers and increases interdependence. It will try to improve the efficiency of terminal in order to provide customers a convenient and efficient transportation model.

Regarding passenger transportation business, the overall tourism industry are under-priced as a result of the continuous improvement of land transportation network in Guangdong Province, Hong Kong and Macau, reduction in land transportation cost and increased market competition, and the advantages of immigration clearance for water-way terminals are reduced as a result of optimisation in immigration clearance for land transportation. The Group promotes its cooperation development in tourist through industry cooperation and exploits its overall advantages; extends efforts in mainland and overseas travel markets, actively develops more sales channels, and further enhances the existing terminal turnstile system to speed up the passenger clearance.

Economic Environment Risk

The Group's businesses are decreased as a result of declined economic environment, weakened consumers confidence, reduced in demand, decreased in the number of import and export goods of enterprises, and also reduced in the willingness of individual tourists. The Group actively promotes the transformation and upgrading, and increases new growth points of income through business innovation.

Production Facilities Risk

Part of the ferries of the routes that the Group acts as agency are approaching mandatory scrapping term, hence failure rate is increasing and the abnormal operation affects the income of the Group. The Group has been proactively collaborating with ship owners to accelerate the replacement of new ferries and strengthen the regular maintenance and overhaul plans for ferries to ensure good operating status of ferries.

Safety Incident Risk

The terminal navigation logistics business that is engaged by the subsidiaries of the Group is mainly based on machinery and workers' operation in wharf. Damaged goods, machines failures and fatality and wounding may be caused by machine failure, error or improper handling by operators. Personal injury or fatality incidents will also incur as a result of workers' failure to operate or porterage according to the rules and regulations and safety code or lack of experience when working in wharf. The Group strengthens machines maintenance and safety inspection continuously, conducts inspection on machines periodically and strengthens daily maintenance and provides additional safety equipment and protection facilities. The Group increases employees regular training, job-based learning and propaganda to promote every employee to strictly execute and give effect to duty, operational regulations and safety code in every position and improve employee mentality on safety and prevention and operating skills.

Exchange Risk

Currently, the ordinary operations and investments of the Group are concentrated in Guangdong Province, Hong Kong and Macau, 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.

CORPORATE STRATEGIES AND PROSPECTS

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

In 2016, with the further economic recovery in USA and Europe, the global economy is expected to maintain a stable growth. Emerging economies are still the important source of power for the growth of global economy. 2016 is the first year to commence the "Thirteenth-Five-Year Plan" in China. Under the effects of favorable conditions such as the benefits released from the deepening reform and the huge potentials brought about by upgrade transformation, the Chinese economy is expected to maintain its steady and relatively fast growth pace. Being the market leader of terminal navigation 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.

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 are set out in notes 6 and 7 to the financial statements respectively.

CAPITAL COMMITMENTS

Details of capital commitments of the Group 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 2015, net trade receivables of the Group amounted to HK$259,192,000, representing an increase of 22.7% as compared with last year, of which 86.6% of trade receivables was aged within 3 months. The exposure to bad debts was controlled at a comfortable level.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of information of subsidiaries, joint ventures and associates of the Group are set out in notes 10 and 11 to the financial statements respectively.

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.

SIGNIFICANT INVESTMENT

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

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

No listed securities of the Company were purchased or sold by the Company or any of its subsidiaries for the year. The Company did not redeem any of its shares during the year.

FUND RAISING ACTIVITIES DURING THE YEAR AND USE OF PROCEEDS

The completion of the placing of the Company took place on 22nd May 2015, the purpose of which was to raise additional capital for the Group to strength its financial position and expand its shareholders and capital base to facilitate its future development. According to the terms and conditions of the placing agreement, the completion of the placing is conditional upon: (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the placing shares; (b) the obtaining or fulfilment of all necessary approvals or consents by all regulating authorities, and requirements of Articles of Association of the Company to effect the completion of the placing; and (c) the obligations of the placing agent has not been terminated in accordance with the provisions of the placing agreement. Upon completion of the placing, 180,000,000 ordinary shares of the Company, being the placing shares, have been successfully placed by the placing agent to not less than six placees who are independent of the Company and its connected persons. The placees paid a placing price of HK$2.50 plus an amount equivalent to the 2015 proposed interim dividend for each placing share to Company. On 14th May 2015, being the date of the placing agreement, the closing price of the Company's shares was HK$3.007 per share as quoted on the Stock Exchange. Details of the placing are set out in the announcement of the Company published on 14th May 2015.

Upon placing the above shares, the issued shares of the Company increased from 900,000,000 shares to 1,080,000,000 shares.

The net proceeds from placing was HK$455,409,000, representing a net placing price of HK$2.53 per placing share. It was intended to be used as general working capital of the Group. On 31st December 2015, such amount has been used as general working capital of the Company and has been applied for general business purposes (including business development and loan repayment) of the Company.

SHARE CAPITAL

Save as disclosed in the above "Fund raising activities during the year and use of proceeds" section, there were no other changes in the share capital of the Company. Details of the share capital of the Company during the year are set out in note 16 to the financial statements.

CONTINGENT LIABILITIES

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

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in note 18 and 38 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31st December 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Hong Kong Companies Ordinance, amounted to HK$914,988,000 (2014: HK$869,219,000), of which HK$54,000,000 (2014: HK$54,000,000) has been proposed as final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS

During the year and up to the date of this report, the Directors were as follows:

Executive Directors:

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

Non-executive Directors:

Mr. Zhang Lei
Mr. Liu Weiqing (resigned on 3rd May 2015)
Mr. Hu Jiahong (resigned on 9th August 2015)

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. Xiong Gebing and Mr. Zeng He shall retire by rotation and, being eligible, Mr. Xiong Gebing and Mr. Zeng He shall offer themselves for re-election at the forthcoming annual general meeting.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Save as the Share Option Scheme disclosed below, during this year, 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, and 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 45 to 48 of this annual report.

Save as disclosed in the section "Directors' and senior management's biographies" of this annual report, none of Directors has any other relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST-PAID EMPLOYEES

Details of the remuneration of Directors (on a named basis) and the five highest-paid employees are set out in note 39 and 31 to the financial statements, respectively.

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 2015, interests or 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 (Chapter 571 of the Laws of Hong Kong) ("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 of Hong Kong Limited (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 as set out in the Listing Rules are as follows:

Share Options (Long Positions)

Name of Directors	Capacity	Number of underlying shares involved under share options	Percentage to the issued shares of the Company (Note 1)
Mr. Xiong Gebing	Beneficial owner	241,000	0.0223%
Mr. Zeng He	Beneficial owner	201,000	0.0186%
Mr. Cheng Jie	Beneficial owner	201,000	0.0186%
Mr. Zhang Lei	Beneficial owner	201,000	0.0186%
		844,000	0.0781%

Note 1: Percentage of shareholding is calculated based on the 1,080,000,000 issued shares of the Company as at 31st December 2015.

Save as disclosed above, as at 31st December 2015, the Company has not been notified of any interests or short positions of the Directors and executives in the shares, underlying shares and debentures of the Company and its associated corporations, 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; 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 as set out in the Listing Rules.

Save as the Share Option Scheme disclosed below, 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.

Save as the Share Option Scheme disclosed below, 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 OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company (as included in the consolidated financial statements of the Company for the year ended 31st December 2015) during the year and up to 29th March 2016 (being the date of approval of the Company's 2015 Annual Report) are available on the Company's website at www.cksd.com.

SHARE OPTION SCHEME

In accordance with the share option scheme ("Share Option Scheme") approved and adopted on the general meeting of the Company held on 8th December 2015 ("Adoption Date"), the Board may grant share options to the incentive objects in accordance with the terms and conditions stipulated in the Share Option Scheme upon satisfaction of the specified conditions by the Company and the incentive objects.

Details of the Share Option Scheme are disclosed in the circular of the Company dated 23rd November 2015, the main details of which are as follows:–

Purposes

The purposes of the Share Option Scheme are to:

(1) enhance Shareholders' value and safeguard the interest of the stakeholders;

(2) optimise the reform of the remuneration system of the Company to form a profit sharing and risk sharing mechanism between the Company and its employees, and to effectively motivate the incentive of the senior management and key personnel of the Company;

(3) assist the management of the Company to balance short-term and long-term objectives and assist the strategic realisation and long-term sustainable development of the Company; and

(4) attract and retain quality management and key business personnel to ensure the long-term development of the Company.

Incentive Objects

The grantees of share options shall, in principle, include the senior management including the chairman, Directors (excluding independent non-executive Directors), general manager, deputy general manager, financial controller, secretary to the Board, assistant to general manager and other members of the management of the same rank and taking executive positions of the Company and its subsidiaries.

Any grant of share options to Directors, chief executives or substantial shareholders of the Company or their respective associates by the Company shall be subject to the approval from the independent non-executive Directors.

Conditions of Grant of Share Options

The Board may only grant share options to the incentive objects in accordance with the Share Option Scheme upon satisfaction of the following conditions by the Company and the incentive objects:

(1) None of the following circumstances has occurred to the Company:

1. a qualified opinion by or inability to provide an opinion by the auditor in the auditor's report in the issued financial and accounting report for the most recent accounting year;

2. imposition of administrative penalties by the regulatory authorities during the most recent year due to material non-compliance of laws and regulations; and

3. other circumstances that in the opinion of the Stock Exchange would render the implementation of the Share Option Scheme impossible.

(2) According to the measures on the performance appraisal of the Company, the performance appraisal on the proposed incentive object in the preceding financial year prior to the initial grant of share options must reach the pass grade or above.

(3) None of the following circumstances has occurred to the incentive objects:

1. public censure or declaration as ineligible candidate to be a director by the Stock Exchange in the recent three years;

2. imposition of administrative penalties or public censure by the regulatory authorities during the recent three years due to material non-compliance of laws and regulations.

Save as disclosed above, the Board is also entitled in accordance with the business performance of the Company to set concrete business performance indicators and targets as the additional conditions of grant of share options and to adjust the number of share options to be granted based on the fulfillment of performance-based conditions. Subject to the terms of the Share Option Scheme and the Listing Rules, the Board may in its absolute discretion impose any conditions, constraints or restrictions as it sees fit upon the offer.

Limit

The total number of new shares of the Company that may be issued upon exercise of options that may be granted under the Share Option Scheme shall not, in aggregate, exceed 10% of the relevant class of shares of the Company as at the date on which the Share Option Scheme is approved by the Shareholders ("Scheme Mandate Limit"), and the Company may at any time as the Board thinks fit, seek approval from the Shareholders to refresh the Scheme Mandate Limit, except the number of shares issued upon exercise of all the share options granted and yet to be exercised under the Share Option Scheme and any other schemes shall not exceed 30% of the total number of issued shares of the Company from time to time; whereas the total number of the target shares issued upon exercise of all the share options granted and yet to be exercised under all equity incentive schemes of the Company that are currently in force shall not, in aggregate, exceed 10% of the total number of issued shares of the Company from time to time.

The total number of share options granted for the first time under the Share Option Scheme shall not exceed 1% of the total number of issued shares of the Company.

Unless approved by the Shareholders, the total number of shares which are issued and will be issued upon exercise of options (including those exercised, cancelled and outstanding) granted and to be granted to any one of the incentive objects under the Share Option Scheme and any other share option schemes of the Company within any 12-month period must not exceed 1% of the issued shares of the Company from time to time. Any further grant of share options to an incentive object which would result in the shares issued and to be issued upon exercise of options in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total issued shares shall be subject to approval of the Shareholders in general meeting with such incentive object and his/her close associates (or his/her associates if such incentive object is a connected person) abstaining from voting.

Acceptance of Offer of Share Options and Payment

Upon the Board's approval of the grant of share options proposed by the Remuneration Committee, an offer which sets out the conditions of the offer of the share options is made to the incentive objects. Where the incentive objects accept the offer within 21 days from the offer date (or any other date as determined by the Board in its discretion in accordance with the Listing Rules) and a payment of HK$1.00 is made to the Company as consideration of accepting the grant of share options, the offer shall be deemed to have been accepted and become effective. Such payment shall in no circumstances be refundable or deemed to be part of the subscription price.

Where the offer is not accepted in the manner stated in the Share Option Scheme within 21 days from the date on which the offer is made, the offer shall be deemed to have been irrevocably rejected and shall automatically lapse.

Effective Date of Share Options

All incentive objects shall not exercise their share options granted under the Share Option Scheme within two years from the grant date and in principle, from the grant date:–

a) one-third (1/3) of the share options granted to each incentive object shall be vested after its second anniversary (after 24 months);

b) another one-third (1/3) of the share options granted to each incentive object shall be vested after its third anniversary (after 36 months);

c) the remaining one-third (1/3) shall be vested after its fourth anniversary (after 48 months).

The Board is also entitled in accordance with the business performance of the Company to establish concrete business performance indicators and targets as the additional conditions of grant of share options and to adjust the number of share options to be vested based on the fulfillment of performance-based conditions, provided that the details of the performance-based conditions shall be determined by the Board and incentive objects be notified upon the grant of share options.

Validity Period of Exercise of Share Options

The validity period of exercise of options granted under the Share Option Scheme shall be five (5) years from the effective date. Upon expiry of the validity period, the outstanding share options shall automatically lapse and may not be exercised retrospectively.

Exercise Price

The exercise price of the share options shall be determined with reference to fair market price by the Board in its absolute discretion upon the grant of share options and shall not be less than the higher one of the following two prices:

a) the closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange on the date of grant; and

b) the average closing price of the shares of Company as stated in the daily quotation sheets of the Stock Exchange for five consecutive business days immediately preceding the date of grant.

Validity Period of the Share Option Scheme

Unless it is early terminated as provided therein, the Share Option Scheme shall be valid for ten (10) years from its Adoption Date and will terminate on 7th December 2025.

The Shares Issuable under the Share Option Scheme

The total number of shares may be issued under the Share Option Scheme is 108,000,000, representing 10% of issued shares of the Company on the date of this annual report. On 18th December 2015, the Company granted share options under the Share Option Scheme to certain eligible persons to subscribe for a total of 9,392,000 ordinary shares, among which share options to subscribe for a total of 9,165,000 ordinary shares were duly accepted on 7th January 2016, representing approximately 0.85% of the total number of issued shares of the Company on the same date. During the year ended 31st December 2015, the changes of share options granted under the Share Option Scheme are as following:

Incentive Objects	Date of Grant	Exercise Price per Share Options (HK$) (Note)	Exercise Period	Number of shares in respect of share options: Held on 1st January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Held on 31st December 2015
Directors, chief executives or substantial shareholders or their respective associates									
Mr. Xiong Gebing (Director)	18th December 2015	2.33	19th December 2017 to 18th December 2024	-	241,000	-	-	-	241,000
Mr. Zeng He (Director)	18th December 2015	2.33	19th December 2017 to 18th December 2024	-	201,000	-	-	-	201,000
Mr. Cheng Jie (Director)	18th December 2015	2.33	19th December 2017 to 18th December 2024	-	201,000	-	-	-	201,000
Mr. Zhang Lei (Director)	18th December 2015	2.33	19th December 2017 to 18th December 2024	-	201,000	-	-	-	201,000
Staff of the Group	18th December 2015	2.33	19th December 2017 to 18th December 2024	-	8,548,000	-	-	-	8,548,000
Total					9,392,000				9,392,000

Note: The closing price per share of the Company as quoted on the Stock Exchange on the day immediately before the date of grant was HK$2.33.

The Company has received consideration of HK$83 pursuant to the share options granted under the Share Option Scheme, details of the evaluation of these share options are set out in note 17 to the financial statements.

The remaining 98,835,000 shares of total number of shares may be issued under the Share Option Scheme, representing 9.15% of the issued shares of the Company on the date of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, there was no transactions, arrangements or contracts of significance in relation to the Group's business which the Company, any of its subsidiaries, its holding company or any of the subsidiaries of its holding company was a party to or involved in, and in which a Director or its connected entity had a material interest, whether directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, no Director has any interest in other competing businesses.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

So far as was known to the Directors and the chief executive, on 31st December 2015, the following persons, other than a Director or the chief executive, had, or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Ordinary shares of the Company

Name of shareholder		Capacity/ Nature of interest	Number of Shares (Note 1)	Percentage of shareholding (Note 2)
(i)	Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE") (Note 3)	Beneficial owner	648,218,000 (L)	60.02%
(ii)	Guangdong Province Navigation Group Company Limited ("GNG") (Note 3)	Interest of controlled corporation	648,218,000 (L)	60.02%
(iii)	Harvest Fund Management Co., Ltd. ("Harvest Fund") (Note 4)	Investment manager	85,398,000 (L) (Note 5)	7.90%
(iv)	China Credit Trust Co., Ltd. ("China Credit Trust") (Note 4)	Interest of controlled corporation	85,398,000 (L)	7.90%

Notes:

1. The letter "L" denotes long position in the shares of the Company.

2. Percentage of shareholding is calculated according to 1,080,000,000 issued shares of the Company on 31st December 2015.

3. CKSE is wholly owned by GNG, GNG is deemed to have interest in all the shares held by CKSE pursuant to the SFO. Accordingly, the interests disclosed by shareholders (i) and (ii) above are in respect of the same shareholding.

4. China Credit Trust is the controlling shareholders of Harvest Fund. China Credit Trust is deemed to have interest in all the shares held by Harvest Fund pursuant to the SFO. Accordingly, the interests disclosed by shareholders (iii) and (iv) above are in respect of the same shareholding.

5. Of which, Harvest Fund is directly interested in 49,558,000 shares, Harvest Global Investments Limited ("Harvest Global") is directly interested in the remaining 35,840,000 shares. Harvest Global is wholly owned by Harvest Fund, Harvest Fund is deemed to have interest in all the shares held by Harvest Global pursuant to the SFO.

Save as disclosed above, on 31st December 2015, the Directors and the chief executive were not aware of any other person who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, 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:

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 2015 was HK$7,292,000.

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 2015 was HK$5,950,000.

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 2015 was HK$47,645,000.

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 2015 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 2015 was HK$9,059,000.

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 2015 was HK$14,323,000.

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 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 2015 was HK$7,744,000.

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 2015 was HK$67,703,000.

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 of the Group 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 2015 was HK$2,609,000.

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 2015 was HK$31,185,000.

11. Management Agreement

On 25th June 2014, the Company, as a service provider entered into a management agreement 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 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$15,000,000, 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 2015 was HK$30,000,000.

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. 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 and 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 36 to the Financial Statements are continuing connected transactions under Chapter 14A of the Listing Rules and the Company has complied with the requirements under the said Chapter.

The Board 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.56 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; (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.

Furthermore, the transactions of items (1) to (10) expired on 31st December 2015. The Company renewed respective underlying agreements with GNG on 23rd November 2015, the term of which would be 3 years from 1st January 2016 to 31st December 2018. The new agreements concerning items (1) to (7) and (10) above would constitute continuing connected transactions subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement; while that for item (8) would constitute continuing connected transactions subject to the reporting, announcement requirement and the independent shareholders' approval requirements which were approved by the independent shareholders at the general meeting held on 30th December 2015.

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 the Company's controlling shareholder or any of its subsidiaries during the year.

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.

INSURANCE ARRANGEMENT FOR DIRECTORS/PERMITTED INDEMNITY PROVISION

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.

DONATIONS

The charity and other donations of the Group for the year were RMB3,000,000 (approximately HK$3,688,000) (2014: nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has 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 save as disclosed in the Corporate Governance Report. Please refer to the Corporate Governance Report on pages 49 to 60 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.

EXECUTIVE COMMITTEE

The Company has established an executive committee to approve and enter into transactions on behalf of the Board in respect of each 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 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, risk management and corporate governance. The committee comprises three independent non-executive Directors. 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 requirements of 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. 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 requirements of the Listing Rules for proposing nomination of Directors and senior management to the Board. Members of the committee shall be Directors 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 of the Company will be proposed at the forthcoming AGM.

BY ORDER OF THE BOARD

Xiong Gebing
Managing Director
Hong Kong, 29th March 2016

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Xiong Gebing, aged 50, was appointed as the chairman of the Board of the Company on 3rd May 2015 and 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 the planning, decision-making and 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 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 and the deputy general manager of the Company from 2011 to 2013. Currently, Mr. Xiong is also the 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 27 years of experience in vessel engineering and trading.

Mr. Zeng He, aged 50, graduated successively from the Guangdong Communication Polytechnic, majoring in coastal navigation and Dalian Maritime University, majoring in economic management. He has joined the navigation business sector since 1987, with 29 years of related working experience. Mr. Zeng was appointed as executive director of the Company on 1st March 2014, as well as the safety representative, and as deputy general manager 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 Zhongshan-HongKong Passenger Shipping Co-op Co., Ltd., 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., Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. 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 46, was appointed as executive director and deputy general manager of the Company on 1st March 2014, responsible for the investment and information engineering works. Mr. Cheng graduated successively from Shanghai Maritime University (formerly Shanghai Maritime College) with a bachelor degree of international economics 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 24 years of 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.

NON-EXECUTIVE DIRECTORS

Mr. Zhang Lei, aged 51, 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 to 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, the chairman of Yuet Hing Marine Supplies Co., Ltd and Chu Kong Group Shipyard Co. Ltd from February 2011 to April 2015. Mr. Zhang has been appointed as the director of CKSE since February 2011. He is currently the chairman of Guangdong Zhujiang Shipping Co., Ltd. and the director of Guangzhou Yinggang Real Estate Co., Ltd.. Mr. Zhang has over 30 years of experience in marine industry management.

Mr. Liu Weiqing, aged 58, was appointed as the chairman of the board and non-executive director of the Company on 20th June 2011 and was responsible for strategic planning and decision-making of the Group and resigned on 3rd May 2015. 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 39 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 the chairman and legal representative of GNG in January 2008. Mr. Liu was a director of CKSE from 2008 to 2015.

Mr. Hu Jiahong, aged 61, graduated from Beijing University of Economics, majoring in modern economics 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. He resigned on 9th August 2015. 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 the 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; 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay-cheung, FHKIB, aged 69, 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 52, was appointed as independent non-executive director of the Company 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 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 25 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.

Mr. Chow Bing Sing, aged 66, 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 54, 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 the 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 Chu Kong Transhipment &Logistics Company Limited, 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. Fan Linchun, aged 50, has been appointed as deputy general manager of the Company since 3rd April 2015, responsible for capital operation and legal affairs. Mr. Fan graduated from Shenzhen University with a bachelor degree in finance. He joined the financial and foreign currency management sector since 1986 and has over 30 years of working experience. Mr. Fan joined the People's Bank of China (PBOC) since 1986 and worked as the Deputy Director of Current Project Management Office of PBOC Guangzhou Branch from 2001 to 2005, the Vice President of PBOC Shanwei Central Branch and the Deputy Director of the State Administration of Foreign Exchange (SAFE) Shanwei Central Branch from 2005 to 2009, the Deputy Director of Capital Project Management Office of PBOC Guangzhou Branch from 2009 to 2011, the Office Director of the Cross-border RMB Settlement Pilot Work Group of PBOC Guangzhou Branch from 2011 to 2014 and the Director of Financial Settlement Center of GNG from 2014 to 2015.

Mr. Ke Guigen, aged 52, 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 29 years of experience in accounting, financial management and audit.

Ms. Cheung Mei Ki, Maggie, aged 49, 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 30 years' experience in accounting, financial management and 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 have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules. The Directors consider that the Company has complied with all applicable Code during the year 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 during the year.

The Company has also formulated written guidelines regarding the securities transactions by 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 the year.

THE BOARD OF DIRECTORS

The Board is responsible for formulating 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

As at 31st December 2015, the Board consists of seven members, namely three executive directors (Mr. Xiong Gebing, Mr. Zeng He and Mr. Cheng Jie), one non-executive director (Mr. Zhang Lei) and three independent non-executive directors (Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing). The Company forms its Board based on the characteristics and uniqueness of its operations to ensure that each Director possesses the required industrial experience and managerial expertise. The personal biographies of the Directors are set out in pages 45 to 47 of the annual report. The Directors clearly 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 senior management, 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 the Board members.

Responsibilities of the Chairman and Managing Director

It is the consistent policy of the Company to appoint different individuals to act as chairman and managing director 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. 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, 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 A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and managing director were acted by Mr. Liu Weiqing and Mr. Xiong Gebing respectively. After the resignation of Mr. Liu Weiqing on 3rd May 2015, as more time is needed to arrange the appointment of a suitable candidate as the chairman of the Board, the Board has unanimous resolved to appoint Mr. Xiong Gebing, the managing director of the Company, as the chairman of the Board (and the chairman of the Executive Committee and the Nomination Committee) temporarily with effect from 3rd May 2015. Announcement in respect of the related appointment of the chairman of the Board will be made by the Company when such appointment is confirmed.

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 Kay-Cheung and Ms. Yau Lai Man have served as such independent non-executive Directors for over nine years. During their years of service with the Company, Mr. Chan and Ms. Yau have contributed by providing an independent viewpoint 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. According to the provisions of the Code A.4.3, if an independent non-executive director serves 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 retired on rotation at the annual general meeting (the "AGM") held on 21st May 2015, and being eligible, offered them for re-election at the AGM. Mr. Chan and Ms. Yau had already been 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 an annual 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 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, 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 at any time. The Board is not aware so far of any significant uncertain events or circumstances which would affect the business of the Company or its ability to continue its operation. The responsibilities of the Company's external auditor are set out in the Independent Auditor's Report on pages 61 to 62 of the annual report.

Board 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.

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.

Attendance at Meetings and Time Commitment of Directors

During 2015, 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, resigned on 3rd May 2015)	0/0	1/1	4/4	N/A	N/A	1/1
Mr. Xiong Gebing (Chairman of the Board, Managing Director)	3/3	4/4	12/12	N/A	2/2	N/A
Mr. Zeng He (Executive Director)	2/3	4/4	12/12	N/A	N/A	N/A
Mr. Cheng Jie (Executive Director)	3/3	3/4	12/12	N/A	N/A	N/A
Mr. Hu Jiahong (Non-executive director, resigned on 9th August 2015)	0/1	1/1	N/A	N/A	N/A	N/A
Mr. Zhang Lei (Non-executive Director)	2/3	4/4	N/A	N/A	N/A	N/A
Mr. Chan Kay-cheung (Independent non-executive Director)	3/3	4/4	N/A	2/2	2/2	1/1
Ms. Yau Lai Man (Independent non-executive Director)	3/3	3/4	N/A	2/2	1/2	1/1
Mr. Chow Bing Sing (Independent non-executive Director)	3/3	4/4	N/A	2/2	2/2	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 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. The related terms of reference of 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 each investment project within an authorised limit or other day-to-day business operations. The committee consists of the chairman or/and executive Directors.

The Executive Committee comprises:

Mr. Xiong Gebing (Chairman of the committee, appointed on 3rd May 2015)
Mr. Zeng He
Mr. Cheng Jie
Mr. Liu Weiqing (resigned on 3rd May 2015)

Audit Committee

The Audit Committee was established in 2001 to review the Company's financial reporting, internal control, risk management, 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, banking and logistics, and are therefore capable of providing expert opinions on the steady 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 2015 with an average attendance rate of 100% 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 2015;

- Internal audit function (including its effectiveness) of the Company including internal audit policy, internal audit plan and internal audit reports, covering financial monitoring, internal control and risk management;

- Corporate governance of the Company; and

- Connected transactions of the Company.

To further enhance the independence of the external independent auditors, some parts of the above meetings were only attended by independent non-executive Directors and the independent auditor.

The Board has delegated the corporate governance functions since 2009, 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 and disclosure in this Corporate Governance Report.

During the year, the Board unanimously agreed to, with effect from 1st January 2016, revise the terms of reference of the Audit Committee on 30th December 2015 to delegate clearly the function of reviewing the risk management system of the Company (including its effectiveness) by the Audit Committee. 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 2015 with an average attendance rate of 87.5%. Currently, the Remuneration Committee comprises three independent non-executive Directors and one executive Director.

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors and made its recommendations to the Board. The remuneration packages were approved by the Board and effective from 1st January 2015.

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)

The functions of the Remuneration Committee can be referred to the terms of reference of Remuneration Committee that have 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' fee, which were determined by the Board by reference to various factors (including market conditions) upon the recommendations of the Remuneration Committee to the Board. 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. The executive Directors have not received any director's remuneration currently,

Remuneration of Non-executive Director:

Currently, the non-executive Director has not received any director's remuneration.

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 2015 with attendance rate of 100%. Currently, the committee comprises four Directors, of which three are independent non-executive Directors.

The Nomination Committee comprises:

Mr. Xiong Gebing (Chairman of the committee and executive Director, appointed on 3rd May 2015)
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing
Mr. Liu Weiqing (Non-executive Director, resigned on 3rd May 2015)

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

During the year, the Nomination Committee has reviewed the structure, size and composition of the Board and believed that the composition of the Board is diversified (also as disclosed in "Composition of the Board" above); and recommended the appointment of new directors to the Board when needed.

The Nomination Committee has considered the Board Diversity Policy when nominating the Directors (see the "Board Diversity Policy" above).

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 offer 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 Article 88 of the Company's Articles of Association, Mr. Xiong Gebing and Mr. Zeng He 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. Xiong Gebing and Mr. Zeng He 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 requirements to ensure compliance with relevant regulations 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 the latest amendments to the Listing Rules, and arranged tours to the terminals of the Group for their better understanding in the business and development of the Group.

Save and except Mr. Liu Weiqing who resigned on 3rd May 2015 and Mr. Hu Jiahong who resigned on 9th August 2015, all Directors confirmed that they 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. Current 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 Materials	Attending seminars/ briefing sessions	Reading Materials	Attending seminars/ briefing sessions
Mr. Xiong Gebing (Chairman/managing director)	✓	✓	✓	✓
Mr. Zeng He (Executive director)	✓	✓	✓	✓
Mr. Cheng Jie (Executive director)	✓	✓	✓	✓
Mr. Zhang Lei (Non-executive director)	✓	✓	✓	✓
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.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors during 2015 were as follows:

Having considered and approved the recommendations made by the Remuneration Committee, the annual fees of the following Directors are revised from 1st January 2015. The original and revised annual fees of each Director are presented as follows (excluding Mr. Liu Weiqing who resigned on 3rd May 2015 and Mr. Hu Jiahong who resigned on 9th August 2015):

	Original fees (HK$)	**Revised fees (HK$)**
Mr. Xiong Gebing (Chairman/managing Director)	250,000	0
Mr. Zeng He (Executive Director)	250,000	0
Mr. Cheng Jie (Executive Director)	250,000	0
Mr. Zhang Lei (Non-executive Director)	0	0
Mr. Chan Kay-cheung (Independent non-executive Director)	250,000	320,000
Ms. Yau Lai Man (Independent non-executive Director)	100,000	200,000
Mr. Chow Bing Sing (Independent non-executive Director)	100,000	200,000

Details of changes in the annual remuneration of Directors are set out in the note 39 to the financial statements.

Remuneration of Senior Management

Number of senior management according to the level of remuneration:

Level of remuneration	**Number of Senior Management**	
HK$'000	**2015**	2014
601 – 1,200	**3**	2
1,201 – 1,800	**0**	1

INTERNAL CONTROL AND RISK MANAGEMENT

The Board 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 study on the procedures and management to charge for business and operation jobs of Foshan Chu Kong Cargo Terminals (Gaoming) Co., Ltd., 6 recommendations for improvement to these procedures have been provided;

- completed the Risk Reassessment of the cargo terminals in PRC, in which 33 possible significant risks have been identified, and 6 most important risks that require attention have been communicated to the relevant companies. 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;

- through strengthening the internal audit plan, internal auditors training, internal auditors allocation, the internal audit supervision was enhanced, and the scope of internal audit was extended to joint ventures and associates in which two joint ventures and associates were included. During the year, 35 internal audit and resignation audit reports were completed, 130 comments and recommendations were provided and the improvement works were almost finished; and

- invited professionals to provide training for finance staffs in the PRC.

REMUNERATION OF AUDITOR

For the year ended 31st December 2015, the Company paid the auditor of the Company the following fees for audit and non-audit services.

	2015 **HK$'000**	2014 HK$'000
Audit Services	**3,236**	3,125
Non-audit Services (including the review of the interim report, continued connected transactions and annual results announcement and issue of revenue certificate)	**1,044**	975
	4,280	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 a general meeting; (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 a general meeting

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 ("General Meeting Requisitionists") can deposit a written request to convene a general meeting 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 General Meeting Requisitionists must state in their request(s) the objects of the general meeting and such request(s) must be signed by all the General Meeting Requisitionists and may consist of several documents in like form, each signed by one or more of the General Meeting Requisitionists.

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

The General Meeting Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting if the Board had not arranged to duly convene a general meeting within 28 days upon serving a written notice in relation to the general meeting within 21 days of the deposit of the General Meeting Requisitionists' request, provided that any general meeting so convened is held within three months from the date of the original General Meeting Requisitionists' request. Any reasonable expenses incurred by the General Meeting Requisitionists by reason of the Board's failure to duly convene a general meeting shall be repaid to the General Meeting 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 a general meeting” above to convene a general meeting 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

The general meeting is an important occasion 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 as utmost importance and discloses relevant information timely under the guidelines of the Listing Rules. The Company introduces the situation of the Company to institutional investors and analysts regularly. In the year, the Company frequently met with fund managers and investment bank analysts and responded swiftly to the queries of the small and medium investors.

At the annual general meeting held on 21st May 2015, the shareholders approved and adopted the new articles of association of the Company to substitute for and remove the memorandum and articles of association of the Company, such new articles of association are published on the websites of the Company and the Stock Exchange. The Board agreed unanimously the amendments to the terms of reference of the Audit Committee on 30th December 2015, and such terms of references were effective on 1st January 2016 and are published on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

羅兵咸永道

TO THE MEMBERS 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 set out on pages 63 to 143, which comprise the consolidated balance sheet as at 31st December 2015, 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 405 of 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.

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.

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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 financial position of the Company and its subsidiaries as at 31st December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29th March 2016

Consolidated Balance Sheet

As at 31st December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,438,349**	1,530,429
Investment properties	7	**4,829**	4,886
Land use rights	8	**489,787**	533,077
Intangible assets – goodwill	9	**37,751**	40,091
Joint ventures and associates	11	**589,797**	564,689
Deposits and prepayments	12	**19,484**	14,514
Deferred income tax assets	13	**1,364**	1,685
		2,581,361	2,689,371
Current assets			
Trade and other receivables	14	**565,113**	492,533
Loans to joint ventures	14	**17,805**	18,908
Cash and cash equivalents	15	**859,013**	533,145
		1,441,931	1,044,586
Total assets		**4,023,292**	3,733,957
EQUITY			
Share capital	16	**1,333,171**	877,762
Reserves	18	**1,373,411**	1,360,064
		2,706,582	2,237,826
Non-controlling interests		**217,979**	209,047
Total equity		**2,924,561**	2,446,873

Consolidated Balance Sheet

As at 31st December 2015

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	13	**81,511**	76,486
Deferred income		**7,657**	–
Amount due to the non-controlling interest of a subsidiary	20	**38,013**	35,750
Long term borrowings	21	**51,722**	136,135
		178,903	248,371
Current liabilities			
Trade and other payables	19	**599,766**	626,936
Loans from associates	20	**24,922**	26,467
Amounts due to the non-controlling interests of subsidiaries	20	**75,700**	78,553
Amount due to a related party	20	**14,354**	15,244
Income tax payables		**20,118**	25,513
Short term borrowings	21	**75,000**	100,000
Current portion of long term borrowings	21	**109,968**	166,000
		919,828	1,038,713
Total liabilities		**1,098,731**	1,287,084
Total equity and liabilities		**4,023,292**	3,733,957

The notes on pages 69 to 143 are an integral part of these consolidated financial statements.

The financial statements on pages 63 to 143 were approved by the board of directors on 29th March 2016 and were signed on its behalf.

XIONG GEBING
Director

CHENG JIE
Director

Consolidated Income Statement

For the year ended 31st December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**1,922,280**	1,828,912
Cost of services rendered	24	**(1,478,244)**	(1,388,794)
Gross profit		**444,036**	440,118
Other income	22	**68,472**	61,309
Other losses, net	23	**(8,254)**	(4,482)
General and administrative expenses	24	**(304,917)**	(288,053)
Operating profit		**199,337**	208,892
Finance income	25	**8,438**	4,667
Finance cost	25	**(10,484)**	(9,793)
Share of profits less losses of joint ventures and associates	26	**95,410**	84,546
Profit before income tax		**292,701**	288,312
Income tax expense	27	**(54,860)**	(58,377)
Profit for the year		**237,841**	229,935
Attributable to:			
Equity holders of the Company		**232,362**	221,268
Non-controlling interests		**5,479**	8,667
		237,841	229,935
Earnings per share (HK cents)			
Basic	29	**23.01**	24.59
Diluted	29	**23.01**	24.59

The notes on pages 69 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2015

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

The notes on pages 69 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2015

	Attributable to owners of the Company					
	Share capital HK$'000	**Share premium** HK$'000	**Reserves** HK$'000 (Note 18)	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1st January 2015	877,762	–	1,360,064	2,237,826	209,047	2,446,873
Comprehensive income						
Profit for the year	–	–	232,362	232,362	5,479	237,841
Other comprehensive loss						
Currency translation differences	–	–	(126,278)	(126,278)	(7,391)	(133,669)
Total comprehensive income/(loss) for the year	–	–	106,084	106,084	(1,912)	104,172
Transactions with owners						
Employee share option scheme:						
– Value of employee services	–	–	78	78	–	78
Placement of shares	455,409	–	–	455,409	–	455,409
Gain on partial disposal of a subsidiary, net of tax	–	–	25,985	25,985	6,496	32,481
Equity interest on partial disposal of a subsidiary	–	–	–	–	12,048	12,048
2014 final dividend	–	–	(64,800)	(64,800)	–	(64,800)
2015 interim dividend	–	–	(43,200)	(43,200)	–	(43,200)
2015 interim special dividend	–	–	(10,800)	(10,800)	–	(10,800)
Dividend paid to non-controlling interests	–	–	–	–	(7,700)	(7,700)
Total transactions with owners	455,409	–	(92,737)	362,672	10,844	373,516
At 31st December 2015	1,333,171	–	1,373,411	2,706,582	217,979	2,924,561
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

The notes on pages 69 to 143 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	32	**223,728**	351,188
Hong Kong profits tax paid		**(22,334)**	(23,317)
Mainland China corporate income tax paid		**(31,087)**	(31,437)
Macau profits tax paid		**(2,358)**	(2,998)
Net cash generated from operating activities		**167,949**	293,436
Cash flows from investing activities			
Purchase of property, plant and equipment		**(76,991)**	(261,365)
Purchase of land use rights		**–**	(89,973)
Deposits for purchase of property, plant and equipment		**(4,970)**	(14,514)
Proceeds from disposal of property, plant and equipment		**7,032**	5,250
Government grants received for acquisition of property, plant and equipment		**12,761**	–
Repayments of loans from joint ventures	36(c)	**–**	3,619
Dividends received from joint ventures		**14,744**	22,615
Interest received		**8,438**	4,667
Proceeds from partial disposal of a subsidiary		**44,529**	–
Net cash generated from/(used in) investing activities		**5,543**	(329,701)
Cash flows from financing activities			
Dividends paid		**(118,800)**	(71,722)
Interest paid		**(10,484)**	(9,793)
Repayment of loans		**(191,000)**	(173,597)
Drawdown of loans		**25,555**	132,135
Increase in amount due to the non-controlling interests of subsidiaries		**–**	62,323
Capital injection by the non-controlling interests of subsidiaries		**–**	26,817
Net proceeds from placement of shares		**455,409**	–
Net cash generated from/(used in) financing activities		**160,680**	(33,837)
Net increase/(decrease) in cash and cash equivalents		**334,172**	(70,102)
Cash and cash equivalents at the beginning of the year		**533,145**	600,969
Effect of exchange rate changes		**(8,304)**	2,278
Cash and cash equivalents at the end of the year	15	**859,013**	533,145

The notes on pages 69 to 143 are an integral part of these consolidated 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 29th March 2016.

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 consolidated financial statements of Chu Kong Shipping Enterprises (Group) Company Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(ii) Adoption of new and amended standards

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014, except that the Group has adopted the following new and amended standards issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year beginning on or after 1st January 2015.

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

The adoption of the above new and amended standards 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.

(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 2015, have not been early adopted by the Group:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) New and amended standards not yet adopted (Continued)

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.

(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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint arrangements (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

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

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Share-based payments

The Group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(t) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue/income recognition (Continued)

(iii) Passenger transportation agency service

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

(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.

(u) 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)

(v) 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.

(w) 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.

(x) 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.

(y) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) 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.

(aa) 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 2015, 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 would have been HK$8,734,000 (2014: HK$10,253,000) 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(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.

At 31st December 2015, 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 would have been HK$1,643,000 (2014: HK$613,000) 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 2015, 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 would have been HK$1,088,000 (2014: HK$2,137,000) lower or higher respectively mainly as a result of higher or lower finance cost from floating rate bank borrowings amount due to the non-controlling interest of a subsidiary and amount due to a related party.

(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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(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.

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 2015					
Bank borrowings	**189,595**	**14,168**	**41,696**	**997**	**246,456**
Amounts due to the non-controlling interests of subsidiaries	**75,870**	**39,567**	**–**	**–**	**115,437**
Amount due to a related party	**14,978**	**–**	**–**	**–**	**14,978**
Loans from associates	**25,296**	**–**	**–**	**–**	**25,296**
Trade and other payables	**599,766**	**–**	**–**	**–**	**599,766**
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

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 property, plant and equipment, investment property and land use rights

The annual depreciation charges are sensitive to the estimated economic useful lives the Group allocates to each type of property, plant and equipment, investment property and land use rights. 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.

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

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

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

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

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

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

(iv) Corporate and other businesses

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

Sales between segments are carried out on terms equivalent to those that prevail with third parties. The revenue from external parties reported to the executive directors of the Company is measured in a manner consistent with that in the consolidated income statement.

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 2015					
Total revenue	1,289,001	530,414	201,357	30,124	2,050,896
Inter-segment revenue	(4,467)	(94,025)	–	(30,124)	(128,616)
Revenue (from external customers)	1,284,534	436,389	201,357	–	1,922,280
Segment profit/(loss)before income tax expense	9,979	138,098	145,180	(556)	292,701
Income tax expense	(4,186)	(32,436)	(12,638)	(5,600)	(54,860)
Segment profit/(loss) after income tax expense	5,793	105,662	132,542	(6,156)	237,841
Segment profit/(loss) before income tax expense includes:					
Share of profits less losses of joint ventures and associates	2,021	32,519	60,858	12	95,410
Finance income	269	673	107	7,389	8,438
Finance cost	–	(4,895)	–	(5,589)	(10,484)
Depreciation and amortisation	(11,141)	(92,687)	(131)	(3,288)	(107,247)
Year ended 31st December 2014					
Total revenue	1,211,156	506,281	212,084	30,170	1,959,691
Inter-segment revenue	(3,378)	(97,231)	–	(30,170)	(130,779)
Revenue (from external customers)	1,207,778	409,050	212,084	–	1,828,912
Segment profit/(loss)before income tax expense	16,184	139,173	134,419	(1,464)	288,312
Income tax expense	(5,552)	(32,413)	(13,448)	(6,964)	(58,377)
Segment profit/(loss) after income tax expense	10,632	106,760	120,971	(8,428)	229,935
Segment profit/(loss) before income tax expense includes:					
Share of profits less losses of joint ventures and associates	1,648	36,400	46,490	8	84,546
Finance income	211	1,727	103	2,626	4,667
Finance cost	–	(2,561)	–	(7,232)	(9,793)
Depreciation and amortisation	(10,731)	(88,205)	(168)	(2,504)	(101,608)

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 2015						
Total segment assets	547,600	2,167,057	576,122	1,913,621	(1,181,108)	4,023,292
Total segment assets include:						
Joint ventures and associates	26,115	237,269	293,711	32,702	–	589,797
Addition to non-current assets (excluding deferred income tax assets)	4,211	75,832	667	1,251	–	81,961
Total segment liabilities	(419,437)	(653,344)	(106,622)	(1,100,436)	1,181,108	(1,098,731)
As at 31st December 2014						
Total segment assets	528,832	2,229,012	628,409	1,517,432	(1,169,728)	3,733,957
Total segment assets include:						
Joint ventures and associates	25,071	246,761	258,141	34,716	–	564,689
Addition to non-current assets (excluding deferred income tax assets)	37,770	321,714	15	6,353	–	365,852
Total segment liabilities	(386,817)	(617,453)	(157,220)	(1,295,322)	1,169,728	(1,287,084)

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:

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

6 PROPERTY, PLANT AND EQUIPMENT

	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 2015	1,503,476	29,879	26,974	378,471	62,730	66,615	23,756	30,863	2,122,764
Exchange differences	(64,587)	(1,934)	(520)	(20,349)	(2,275)	(2,052)	(11)	-	(91,728)
Additions	3,207	30,453	4,184	28,820	1,573	8,591	163	-	76,991
Transfer	7,275	(13,984)	-	5,202	1,507	-	-	-	-
Disposals/write-off	(145)	-	(242)	(14,728)	(379)	(5,848)	(2,819)	-	(24,161)
At 31st December 2015	1,449,226	44,414	30,396	377,416	63,156	67,306	21,089	30,863	2,083,866
Accumulated depreciation									
At 1st January 2015	283,410	-	22,111	161,697	40,147	45,960	17,437	21,573	592,335
Exchange differences	(11,684)	-	(403)	(8,612)	(1,583)	(1,398)	(8)	-	(23,688)
Charge for the year	45,794	-	2,315	30,961	5,974	6,900	1,759	1,029	94,732
Disposals/write-off	(39)	-	-	(9,147)	(345)	(5,533)	(2,798)	-	(17,862)
At 31st December 2015	317,481	-	24,023	174,899	44,193	45,929	16,390	22,602	645,517
Net book value									
At 31st December 2015	1,131,745	44,414	6,373	202,517	18,963	21,377	4,699	8,261	1,438,349
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

Depreciation of HK$79,542,000 (2014: HK$76,038,000) and HK$15,190,000 (2014: HK$14,742,000) have been included in cost of services rendered and general and administrative expenses, respectively.

7 INVESTMENT PROPERTIES

	2015 **HK$'000**	2014 HK$'000
Cost		
At 1st January and 31st December	**5,551**	5,551
Accumulated depreciation		
At 1st January	**665**	608
Charge for the year	**57**	57
At 31st December	**722**	665
Net book value		
At 31st December	**4,829**	4,886

As at 31st December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: nil).

Independent valuations of the Group's investment properties were performed by the valuer, RHL Appraisal Limited, to determine the fair values of the investment properties as at 31st December 2015 and 2014.

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

The fair values of the Group's investment properties were HK$47,398,000 (2014: HK$44,760,000).

The Group's investment properties were valued at 31st December 2015 and 2014 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.

8 LAND USE RIGHTS

	2015 HK$'000	2014 HK$'000
At 1st January	**533,077**	455,597
Exchange difference	**(30,832)**	(1,722)
Additions (note a)	**–**	89,973
Amortisation	**(12,458)**	(10,771)
At 31st December	**489,787**	533,077

Land use rights of the Group with net book value amounting to HK$62,014,000 (2014: HK$67,216,000) 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. The ownership certificates for the land were obtained in January 2014.

9 INTANGIBLE ASSETS – GOODWILL

	2015 HK$'000	2014 HK$'000
At 1st January	**40,091**	40,229
Exchange differences	**(2,340)**	(138)
At 31st December	**37,751**	40,091

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

9 INTANGIBLE ASSETS – GOODWILL (CONTINUED)

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 2015 which are extrapolated using the key assumptions stated below:

	2015	2014
Growth rates	**2%-29%**	2%–32%
Gross margin	**34%-87%**	27%–87%
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

(a) Details of the subsidiaries as at 31st December 2015 are as follows:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2015	Interest held 2014
Directly-held subsidiaries					
Chu Kong Agency Company Limited	Hong Kong	Shipping 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. @	The PRC, limited liability company	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%

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2015 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2015	Interest held 2014
Directly-held subsidiaries (Continued)					
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 in the PRC entities in Hong Kong	100 ordinary shares of US$1 each	80%	80%
Chu Kong Transhipment & Logistics Company Limited	Hong Kong	Transshipment, transportation and freight forwarding agency in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	100%	100%
Chu Kong Transportation (H.K.) Limited	Hong Kong	Investment holding and licensing of the right in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	100%	100%
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.	The PRC, limited liability company	Cargo transportation and consolidation in the PRC	RMB73,000,000	100%	100%
Chu Kong Shipping (Guangdong) Logistics Co., Ltd.	The PRC, limited liability company	Provision of logistics services in the PRC	RMB10,000,000	100%	100%
Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd.	The PRC, limited liability company	Cargo transportation and consolidation in the PRC	US$3,620,000	100%	100%
Zhaoqing Chu Kong Logistics (Dawang) Co., Ltd.	The PRC, limited liability company	Provision of logistics services in the PRC	US$3,620,000	100%	100%

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2015 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2015	Interest held 2014
Directly-held subsidiaries (Continued)					
Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd.	The PRC, limited liability company	Provision of logistics services in the PRC	US$6,000,000	100%	100%
Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd.	The PRC, limited liability company	Cargo handling and transportation in the PRC	RMB115,700,000	80%	80%
Zhaoqing New Port Co., Ltd.	The PRC, limited liability company	Cargo handling and transportation in the PRC	RMB101,288,600	100%	100%
Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd.	The PRC, limited liability company	Cargo handling and transportation in the PRC	US$4,000,000	100%	100%
Indirectly-held subsidiaries					
Chu Kong Tourism Company Limited	Hong Kong	Tour operations and provision of advertising and tourism agency 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	Licensing of the right 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.	The PRC, limited liability company	Cargo transportation in the PRC	RMB1,800,000	100%	100%
Chu Kong Cargo Terminals (Qingyuan) Co., Ltd.	The PRC, limited liability company	Wharf cargo handling in the PRC	RMB27,460,000	72%	72%[1]

10 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31st December 2015 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/paid up capital	Interest held 2015	Interest held 2014
Indirectly-held subsidiaries (Continued)					
Chu Kong Cargo Terminals (Gaoming) Co., Ltd.	The PRC, limited liability company	Cargo transportation and consolidation in the PRC	RMB43,300,000	80%	80%[1]
Chu Kong Cargo Terminals (Kangzhou) Co., Ltd.	The PRC, limited liability company	Cargo handling and transportation in the PRC	RMB11,200,000	80%	80%[1]
Shenzhen Zhu Chuan International Freight Forwarding Co., Ltd. [@]	The PRC, limited liability company	Freight forwarding agency in the PRC	US$1,000,000	87.25%	87.25%[1]
Chu Kong (Guangdong) International Shipping Agency Co., Ltd.	The PRC, limited liability company	Shipping agency in the PRC	RMB3,000,000	67.5%	67.5%[1]
Civet (Zhuhai Bonded Area) Logistics Company Limited	The PRC, limited liability company	Cargo handling and transportation in the PRC	HK$120,000,000	44%	60%[1]
Chu Kong Logistics (Zhaoqing) Declaration Co., Ltd.	The PRC, limited liability company	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 2015 and 2014.

Summarised balance sheet as at 31st December 2015 and 2014

	2015 **HK$'000**	2014 HK$'000
Current		
Assets	**364,435**	231,106
Liabilities	**(568,446)**	(539,274)
Total current net liabilities	**(204,011)**	(308,168)
Non-current		
Assets	**943,321**	1,017,614
Liabilities	**(81,302)**	(76,039)
Total non-current net assets	**862,019**	941,575
Net assets	**658,008**	633,407

10 SUBSIDIARIES (CONTINUED)

(d) Material non-controlling interests (Continued)

Summarised statement of comprehensive income for the year ended 31st December 2015 and 2014

	2015 HK$'000	2014 HK$'000
Revenue	**216,084**	194,700
Profit before income tax	**93,386**	98,009
Income tax expense	**(22,669)**	(24,165)
Profit for the year	**70,717**	73,844
Other comprehensive loss	**(52,145)**	(1,463)
Total comprehensive income	**18,572**	72,381
Total comprehensive income allocated to non-controlling interests	**3,714**	14,476
Dividends paid to non-controlling interests	**7,700**	4,222

Summarised cash flow statement for the year ended 31st December 2015 and 2014

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Cash generated from operations	**37,022**	60,179
Income tax paid	**(21,812)**	(21,838)
Net cash generated from operating activities	**15,210**	38,341
Net cash generated from/(used in) investing activities	**35,975**	(205,602)
Net cash (used in)/generated from financing activities	**(32,677)**	145,125
Net increase/(decrease) in cash and cash equivalents	**18,508**	(22,136)
Cash and cash equivalents at beginning of year	**19,229**	41,188
Effect of exchange rate changes	**(627)**	177
Cash and cash equivalents at the end of the year	**37,110**	19,229

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

11 JOINT VENTURES AND ASSOCIATES

	2015 HK$'000	2014 HK$'000
Joint ventures		
Share of net assets	**437,518**	412,667
Goodwill	**27,643**	29,357
	465,161	442,024
Associates		
Share of net assets	**122,257**	120,139
Goodwill	**2,379**	2,526
	124,636	122,665
Total joint ventures and associates	**589,797**	564,689

(a) Details of the principal joint ventures and associates as at 31st December 2015 are as follows:

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/ voting power/profit sharing 2015	2014
Directly-held joint ventures				
Shenzhen Yantian Port Chu Kong Logistics Co., Ltd.	The PRC, limited liability company	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.	The PRC, limited liability company	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%
Guangzhou Nansha Chu Kong Terminal Company Ltd.	The PRC, limited liability company	Wharf cargo handling and godown storage	65%/60%/65%	65%/60%/65%

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(a) Details of the principal joint ventures and associates as at 31st December 2015 are as follows: (Continued)

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/ voting power/profit sharing 2015	2014
Indirectly-held joint ventures				
Chu Kong Cargo Terminals (Beicun) Co., Ltd.	The PRC, limited liability company	Wharf cargo handling and godown storage	40%/50%/40%[1]	40%/50%/40%[1]
Foshan New Port Ltd.	The PRC, limited liability company	Cargo transportation and consolidation	30%/40%/30%[1]	30%/40%/30%[1]
Foshan Nankong Terminal Co., Ltd. ##	The PRC, limited liability company	Cargo transportation and consolidation	42.5%/50%/42.5%[1]	42.5%/50%/42.5%[1]
Guangdong Zhu Chuan Navigation Co., Ltd.	The PRC, limited liability company	Cargo transportation and vessel leasing	49%/40%/49%	49%/40%/49%
Heshan County Hekong Associated Forwarding Co., Ltd.	The PRC, limited liability company	Wharf cargo handling, godown storage and river trade cargo transportation	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Port Construction & Development General Company#	The PRC, limited liability company	Investment holding	40%/50%/40%[1]	40%/50%/40%[1]
Heshan Shipping Company#	The PRC, limited liability company	Vessel leasing	–	40%/50%/40%[1]
Heshan Port Storage & Transportation Company#	The PRC, limited liability company	Cargo transportation and godown storage	–	40%/50%/40%[1]
Heshan Port Loading Co., Ltd.#	The PRC, limited liability company	Wharf cargo handling	–	40%/50%/40%[1]
Heshan Port Declaration Company#	The PRC, limited liability company	Custom declaration services	40%/50%/40%[1]	40%/50%/40%[1]
Sanshui Sangang Containers Wharf Co., Ltd.	The PRC, limited liability company	Cargo transportation and consolidation	24%/25%/24%[1]	24%/25%/24%[1]

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(a) Details of the principal joint ventures and associates as at 31st December 2015 are as follows: (Continued)

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership/ voting power/profit sharing 2015	2014
Indirectly-held joint ventures (Continued)				
Hong Kong International Airport Ferry Terminal Service Limited	Hong Kong	Ferry passenger handling services between the Hong Kong International Airport and Pearl River Delta	60%	60%
Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd.	The PRC, limited liability company	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%
Chu Kong Logistics (Malaysia) Sdn Bhd.	Malaysia	Shipping agency and freight forwarding agency	42%/48%/42%	42%/48%/42%
Indirectly-held associates				
Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd.	The PRC, limited liability company	Passenger transportation	40%	40%
Guangdong Sanbu Passenger and Freight Transportation Co., Ltd.	The PRC, limited liability company	Wharf cargo handling, godown storage and river trade cargo transportation	32%/40%/32%[1]	32%/40%/32%[1]
Zhaoqing City Declaration Co., Ltd.[#]	The PRC, limited liability company	Custom declaration services	40%	40%

\# The names of these companies are the translation of the English or 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 2015, 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 2015 and 2014 and summarised statement of comprehensive income for the year ended 31st December 2015 and 2014

	ZHPS		SGPT		HKIAFT	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Current assets	**92,800**	167,060	**174,731**	179,306	**95,716**	74,275
Current liabilities	**(102,689)**	(181,950)	**(31,102)**	(39,530)	**(10,206)**	(8,670)
Non-current assets	**419,280**	346,868	**54,140**	61,320	**491**	485
Non-current liabilities	**(8,397)**	-	**–**	-	**–**	-
Revenue	**234,126**	238,489	**119,355**	134,873	**148,209**	142,256
Profit after income tax	**91,044**	60,122	**37,867**	27,665	**19,910**	22,759

Reconciliation of summarised financial information

	ZHPS		SGPT		HKIAFT	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Opening net assets 1st January	**331,978**	296,834	**201,096**	201,124	**66,090**	78,331
Profit for the year	**91,044**	60,122	**37,867**	27,665	**19,910**	22,759
Dividend declared	**–**	(23,903)	**(29,203)**	(27,004)	**–**	(35,000)
Currency translation differences	**(22,029)**	(1,075)	**(11,990)**	(689)	**–**	-
Closing net assets as at 31st December	**400,993**	331,978	**197,770**	201,096	**86,000**	66,090
Interest in joint ventures and associates	**40.0%**	40.0%	**40.0%**	40.0%	**60.0%**	60.0%
Share of net assets	**160,397**	132,791	**79,108**	80,438	**51,600**	39,654
Carrying value	**160,397**	132,791	**79,108**	80,438	**51,600**	39,654

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 2015 and 2014.

11 JOINT VENTURES AND ASSOCIATES (CONTINUED)

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

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

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

	2015 **HK$'000**	2014 HK$'000
Profit for the year	**31,900**	20,405
Other comprehensive loss	**(17,580)**	(878)
Total comprehensive income	**14,320**	19,527

12 DEPOSITS AND PREPAYMENTS

	2015 **HK$'000**	2014 HK$'000
Deposits for purchase of property, plant and equipment	**19,484**	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:

	2015 HK$'000	2014 HK$'000
Deferred income tax assets:		
To be recovered after more than 12 months	**(269)**	(1,380)
To be recovered within 12 months	**(1,095)**	(305)
	(1,364)	(1,685)
Deferred income tax liabilities:		
To be settled after more than 12 months	**78,472**	74,081
To be settled within 12 months	**3,039**	2,405
	81,511	76,486
Net deferred income tax liabilities	**80,147**	74,801

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

	2015 HK$'000	2014 HK$'000
At 1st January	**74,801**	71,183
Charged to income statement (note 27)	**7,153**	7,226
Transfer to current income tax payables	**(1,807)**	(3,608)
At 31st December	**80,147**	74,801

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.

	2015 HK$'000	2014 HK$'000
Deferred tax assets:		
Gross deferred tax assets	**(1,364)**	(1,987)
Set off deferred tax liabilities within common tax jurisdictions	**–**	302
As at 31st December	**(1,364)**	(1,685)
Deferred tax liabilities:		
Gross deferred tax liabilities	**81,511**	76,788
Set off deferred tax assets within common tax jurisdictions	**–**	(302)
As at 31st December	**81,511**	76,486

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:

Deferred income tax assets	**Tax losses** HK$'000	**Decelerated tax depreciation** HK$'000	**Total** HK$'000
At 1st January 2014	(852)	(1,836)	(2,688)
Charged to income statement	515	186	701
At 31st December 2014	(337)	(1,650)	(1,987)
Charged to income statement	325	298	623
At 31st December 2015	(12)	(1,352)	(1,364)

13 DEFERRED INCOME TAX (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 2014	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
(Credited)/charged to income statement	-	(572)	7,102	6,530
Transfer to current income tax payables	-	-	(1,807)	(1,807)
At 31st December 2015	11,950	44,753	24,808	81,511

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 2015, the Group and the Company have unrecognised tax losses of HK$176,327,000 (2014: HK$193,514,000) and HK$36,154,000 (2014: HK$39,958,000) respectively to carry forward. These tax losses have no expiry dates except for tax losses of HK$140,173,000 (2014: HK$151,724,000) of the Group which will expire in the period from 2016 to 2020 (2014: 2015 to 2019).

14 TRADE AND OTHER RECEIVABLES AND LOANS TO JOINT VENTURES

	2015 HK$'000	2014 HK$'000
Trade receivables (note (a)):		
– third parties	**243,222**	207,031
– joint ventures and an associate	**19,267**	11,919
– fellow subsidiaries	**74**	127
– other related companies	**1,736**	292
	264,299	219,369
Less: provision for impairment – third parties	**(5,107)**	(8,056)
Trade receivables, net	**259,192**	211,313
Other receivables:		
– third parties	**87,655**	66,049
– immediate holding company (note (b))	**14,452**	15,130
– fellow subsidiaries (note (b))	**3,917**	3,171
– joint ventures and associates (note (b))	**199,608**	196,103
– other related companies (note (b))	**289**	767
	305,921	281,220
Total trade and other receivables	**565,113**	492,533
Loans to joint ventures (note (c))	**17,805**	18,908

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:

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

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

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

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: (Continued)

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

	2015 HK$'000	2014 HK$'000
4 to 6 months	**–**	322
7 to 12 months	**709**	3,941
Over 12 months	**4,398**	3,793
	5,107	8,056

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

	2015 HK$'000	2014 HK$'000
At 1st January	**8,056**	4,131
(Reversal)/provision for impairment (note 23)	**(2,353)**	3,926
Bad debt written-off	**(596)**	(1)
At 31st December	**5,107**	8,056

The creation and release of provision for impaired receivables have been included in "other losses – net" in the consolidated income statement (note 23). 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.

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

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

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

	2015 HK$'000	2014 HK$'000
Unsecured loans		
– interest-free	**11,101**	11,788
– at floating rate (note)	**6,704**	7,120
	17,805	18,908

Note:

The loans bear interest at the base lending rate announced by the People's Bank of China ("PBOC") (31st December 2014: base lending rate announced by the PBOC).

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

	2015 HK$'000	2014 HK$'000
Hong Kong dollar	**290,904**	215,964
Renminbi	**274,209**	274,135
United States dollar	**–**	2,434
	565,113	492,533

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

15 CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash at bank and on hand	**472,198**	417,625
Short-term bank deposits	**386,815**	115,520
	859,013	533,145

15 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2015 HK$'000	2014 HK$'000
Hong Kong dollar	**454,445**	208,762
Renminbi	**357,170**	284,001
United States dollar	**46,998**	36,654
Macau pataca	**396**	3,724
Euro	**4**	4
	859,013	533,145

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 as at 31st December 2015 were 3.83% (2014: 3.80%) per annum.

16 SHARE CAPITAL

Ordinary shares, issued and fully paid

	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 (b))	–	787,762
At 31st December 2014	900,000	877,762
Placement of shares (note (a))	180,000	455,409
At 31st December 2015	1,080,000	1,333,171

Notes:

(a) During the period, 180,000,000 new shares were issued and placed to institutional investors at a subscription price of HK$2.50 plus HK$0.06 per share representing the proposed final dividend for the year ended 31st December 2014 per share. The gross proceeds received by the Company were HK$460,800,000 and the net proceeds amounting to HK$455,409,000 were credited to the share capital account.

(b) 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 SHARE-BASED PAYMENTS

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of the grant. Options are conditional on the employee completing two to four years' service (the vesting period). The options are exercisable starting two years from the grant date, subject to the Group achieving its target growth in return on equity, rate of capital accumulation and operating profit margin; the options have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price in HK$ per share option	**Number of share options ('000)**	Average exercise price in HK$ per share option	Number of share options ('000)
At 1st January	**–**	**–**	–	–
Granted	**2.33**	**9,392**	–	–
Forfeited	**–**	**–**	–	–
Exercised	**–**	**–**	–	–
Expired	**–**	**–**	–	–
At 31st December	**2.33**	**9,392**	–	–

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options ('000) 2015**	**Number of share options ('000)** 2014
2022	2.33	**3,131**	–
2023	2.33	**3,131**	–
2024	2.33	**3,130**	–
		9,392	–

The weighted average fair value of options granted during the period determined using the Binomial Option Pricing Model was HK$0.67 per option. The total expense recognized in the income statement for share options granted to directors and employees was HK$78,000 (2014: Nil).

18 RESERVES

	Exchange reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Share option reserve HK$'000	Merger reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January 2015	226,699	23,009	167,717	65,834	–	(619,441)	–	1,496,246	1,360,064
Profit for the year	–	–	–	–	–	–	–	232,362	232,362
Currency translation differences									
– subsidiaries	(95,090)	–	–	–	–	–	–	–	(95,090)
– joint ventures and associates	(31,188)	–	–	–	–	–	–	–	(31,188)
Transfer of reserves	–	–	–	10,498	–	–	–	(10,498)	–
Gain on partial disposal of a subsidiary, net of tax	–	–	–	–	–	–	–	25,985	25,985
Value of employee services	–	–	–	–	78	–	–	–	78
2014 final dividend	–	–	–	–	–	–	–	(64,800)	(64,800)
2015 interim dividend	–	–	–	–	–	–	–	(43,200)	(43,200)
2015 interim special dividend	–	–	–	–	–	–	–	(10,800)	(10,800)
At 31st December 2015	100,421	23,009	167,717	76,332	78	(619,441)	–	1,625,295	1,373,411

Representing:	
2015 final dividend proposed	54,000
Reserves	1,319,411
	1,373,411

18 RESERVES (CONTINUED)

	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

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.

18 RESERVES (CONTINUED)

(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.

19 TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables (notes (a) and (c)):		
– third parties	**251,297**	271,189
– immediate holding company	**17,732**	12,102
– fellow subsidiaries	**8,965**	7,046
– joint ventures and associates	**10,648**	30,762
– other related companies	**21,084**	20,622
	309,726	341,721
Other payables:		
– third parties	**156,782**	168,080
– immediate holding company (note (c))	**2,726**	1,673
– fellow subsidiaries (note (c))	**2,626**	2,590
– joint ventures and associates (note (c))	**117,306**	108,985
– other related companies (note (c))	**164**	1,421
– a non-controlling interest of a subsidiary (note (c))	**7,700**	–
– key management (note (d))	**2,736**	2,466
	290,040	285,215
	599,766	626,936

19 TRADE AND OTHER PAYABLES (CONTINUED)

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

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

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

	2015 HK$'000	2014 HK$'000
Hong Kong dollar	**411,774**	461,633
Renminbi	**187,992**	165,303
	599,766	626,936

(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.

20 LOANS FROM ASSOCIATES, AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS OF SUBSIDIARIES AND AMOUNT DUE TO A RELATED PARTY

(a) Breakdown of loans from associates

	2015 HK$'000	2014 HK$'000
Current		
– interest-free (note (i))	**1,050**	1,115
– at floating rate (note (ii))	**23,872**	25,352
	24,922	26,467

(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 Group which is denominated in Renminbi, unsecured, interest bearing at the base deposit rate announced by the People's Bank of China ("PBOC") (2014: PBOC) and repayable on demand.

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

	2015 HK$'000	2014 HK$'000
Non-current		
– interest-free (note (i))	**–**	3,223
– at fixed interest rate (note (ii))	**28,500**	32,527
– at floating rate (note (iii))	**9,513**	–
	38,013	35,750
Current		
– interest-free (note (i))	**71,450**	68,450
– at fixed interest rate (note (ii))	**4,250**	–
– at floating rate (note (iii))	**–**	10,103
	75,700	78,553
	113,713	114,303

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

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

(i) The amounts of HK$71,450,000 are denominated in Hong Kong dollars, unsecured and repayable in 2016 (2014: repayable in 2015 and 2016).

(ii) The amounts of HK$32,750,000 are denominated in Hong Kong dollars, unsecured, repayable in 2016 and 2017 (2014: repayable in 2016 and 2017) and interest-bearing at 4% (2014: 4%) per annum.

(iii) The amount is denominated in Renminbi, unsecured and interest-bearing at the base lending rate announced by the PBOC (2014: 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 (2014: base lending rate announced by the PBOC).

21 BORROWINGS

	2015 HK$'000	2014 HK$'000
Unsecured, short term bank loans	**75,000**	100,000
Long term bank loans:		
– secured	**57,690**	32,135
– unsecured	**104,000**	270,000
	236,690	402,135

21 BORROWINGS (CONTINUED)

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

	2015 HK$'000	2014 HK$'000
Repayable within one year	**109,968**	166,000
Repayable within one to two years	**11,936**	123,014
Repayable within two to five years	**38,792**	13,121
Repayable more than five years	**994**	–
	161,690	302,135
Current portion included in current liabilities	**(109,968)**	(166,000)
	51,722	136,135

The secured bank loans are secured by certain land use rights of the Group (note 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 1.58% to 2.22% (2014: 1.68% to 4.00%) 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.

22 OTHER INCOME

	2015 HK$'000	2014 HK$'000
Management fee income from CKSE (note 36(a)(ii))	**30,000**	28,632
Property rental income	**28,532**	20,223
Subsidies from the PRC government	**8,485**	11,491
Others	**1,455**	963
	68,472	61,309

23 OTHER LOSSES – NET

	2015 HK$'000	2014 HK$'000
Exchange losses, net	**(11,340)**	(798)
Loss on write-off of property, plant and equipment	**(199)**	(560)
Gain on disposals of property, plant and equipment	**932**	802
Reversal/(provison) for impairment of trade receivables, net (note 14)	**2,353**	(3,926)
	(8,254)	(4,482)

24 COSTS AND EXPENSES BY NATURE

	2015 HK$'000	2014 HK$'000
Amortisation of land use rights	**12,458**	10,771
Auditor's remuneration		
– audit services	**3,236**	3,125
– non-audit services	**1,044**	975
Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost)	**949,767**	893,719
Depreciation of property, plant and equipment	**94,732**	90,780
Depreciation of investment properties	**57**	57
Operating lease rental expenses		
– vessels and barges	**120,664**	115,379
– buildings	**33,681**	26,165
– properties that generated rental income	**6,794**	5,000
Staff costs (including directors' emoluments) (note 30)	**370,953**	345,343
Others	**189,775**	185,533
Total cost of services rendered and general and administrative expenses	**1,783,161**	1,676,847

25 FINANCE INCOME AND COST

	2015 HK$'000	2014 HK$'000
Finance income		
Interest income on short-term bank deposits and bank balances	**8,089**	4,157
Interest income on loans to joint ventures	**349**	510
	8,438	4,667
Finance cost		
Interest expense on bank borrowings	**(7,670)**	(8,535)
Interest expense on loan from an associate	**(534)**	(814)
Interest expense on amount due to the non-controlling interests	**(737)**	(905)
Interest expense on amount due to a related party	**(1,838)**	(1,017)
Less: amounts capitalised on qualifying assets	**295**	1,478
	(10,484)	(9,793)

The capitalisation rate applied to funds borrowed is 2.0% (2014: 2.1%) per annum.

26 SHARE OF PROFITS LESS LOSSES OF JOINT VENTURES AND ASSOCIATES

	2015 HK$'000	2014 HK$'000
Share of profits less losses before income tax of		
– joint ventures	**97,961**	90,648
– associates	**28,367**	22,436
	126,328	113,084
Share of income tax of		
– joint ventures	**(23,636)**	(22,883)
– associates	**(7,282)**	(5,655)
	(30,918)	(28,538)
	95,410	84,546

27 INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current income tax		
– Hong Kong profits tax	**17,879**	19,073
– PRC corporate income tax	**27,102**	28,176
– Macau profits tax	**2,412**	2,393
– Under provision in prior years	**314**	1,509
Deferred income tax expense (note 13)	**7,153**	7,226
	54,860	58,377

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. PRC corporate income tax has been calculated on the estimated assessable profit for the year at the income tax rate of the PRC entities of 25% (2014: 25%). Macau profits tax has been provided at the applicable tax rate (2014: applicable tax rate) on the estimated assessable profit for the year.

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 26).

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:

	2015 HK$'000	2014 HK$'000
Profit before share of profits less losses of joint ventures and associates, and income tax expense	**197,291**	203,766
Calculated at a tax rate of 16.5% (2014: 16.5%)	**32,553**	33,621
Effect of different tax rates applicable to the subsidiaries in the PRC and Macau	**5,253**	8,393
Income not subject to income tax	**(101,783)**	(103,244)
Expenses not deductible for income tax purposes	**105,183**	104,281
Tax losses not recognised	**10,309**	7,199
Under provision in prior years	**314**	1,509
Utilisation of previously unrecognised tax loss	**(2,569)**	(771)
	49,260	50,988
Withholding income tax on undistributed profits of PRC enterprises	**5,600**	7,389
Income tax expense	**54,860**	58,377

28 DIVIDENDS

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

The dividends paid during the years ended 31st December 2015 and 2014 were HK$118,800,000 (HK11 cents per share), in which HK$10,800,000 represented the final dividend of new shares from placing (note 16(a)), and HK$67,500,000 (HK7.5 cents per share), respectively.

On 29th March 2016, the board of directors proposed a final dividend of HK5 cents (2014: 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.

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

29 EARNINGS PER SHARE (CONTINUED)

Diluted

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

Diluted earnings per share for the year ended 31st December 2015 was calculated by adjusting the profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company included share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2015 **HK$'000**	2014 HK$'000
Salaries and allowances	**350,131**	328,297
Share options granted to directors and employees	**78**	–
Retirement benefit costs – defined contribution plans (note)	**20,744**	17,046
	370,953	345,343

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 FIVE HIGHEST-PAID INDIVIDUALS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year ended 31st December 2015 include three (2014: three) directors whose emoluments are reflected in the analysis shown in note 39. The emoluments payable to the remaining two (2014: two) highest paid individuals during the year are as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**811**	999
Bonuses	**972**	1,240
Retirement benefit costs – defined contribution plans	**12**	11
Share options granted	**3**	–
	1,798	2,250

The emoluments of the two (2014: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$500,000 – HK$1,000,000	**2**	1
HK$1,000,001 – HK$1,500,000	**–**	1

(a) 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.

32 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated from operations

	2015 HK$'000	2014 HK$'000
Operating profit	**199,337**	208,892
Amortisation of land use rights	**12,458**	10,771
Depreciation of property, plant and equipment and investment properties	**94,788**	90,837
Exchange losses, net	**11,340**	798
(Gain on disposals)/write-off of property, plant and equipment, net	**(733)**	(242)
(Reversal)/provision for impairment of trade receivables, net	**(2,353)**	3,926
Share-based payments	**78**	–
Government grants credited to income	**(2,552)**	–
Operating profit before working capital changes	**312,363**	314,982
(Increase)/decrease in trade and other receivables	**(65,507)**	20,405
(Decrease)/increase in trade and other payables	**(23,128)**	15,801
Cash generated from operations	**223,728**	351,188

33 COMMITMENTS

(a) Capital commitments

	2015 HK$'000	2014 HK$'000
Contracted but not provided for		
– Investment in a joint venture (note (i))	**–**	97,653
– Property, plant and equipment	**59,925**	72,468
	59,925	170,121

(i) The balance represented the outstanding capital investment in a joint venture, Guangzhou Nansha Chu Kong Terminal Company Limited. The investment plan was suspended by the joint venture parties and the Group. Accordingly, there was no such capital commitment at 31st December 2015.

33 COMMITMENTS (CONTINUED)

(a) Capital commitments (Continued)

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

	2015 HK$'000	2014 HK$'000
Contracted but not provided for	**1,165**	1,762

(b) Commitments under operating leases

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

	2015 HK$'000	2014 HK$'000
Land and buildings:		
Not later than one year	**17,021**	16,684
Later than one year and not later than five years	**4,921**	8,154
Over five years	**96**	191
	22,038	25,029
Vessels and barges:		
Not later than one year	**17,321**	25,098
Later than one year and not later than five years	**346**	1,680
	17,667	26,778
	39,705	51,807

34 FUTURE OPERATING LEASE ARRANGEMENTS

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

	2015 HK$'000	2014 HK$'000
Land and buildings:		
Not later than one year	**22,542**	18,539
Later than one year and not later than five years	**15,207**	30,535
	37,749	49,074
Vessel and barges:		
Not later than one year	**1,480**	–
	39,229	49,074

35 PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY

In October 2015, the Company disposed of 20% interest in Civet (Zhuhai Bonded Area) Logistics Company Limited ("Civet"), originally held 75% of shareholding, at a consideration of RMB38,640,000 (approximately HK$46,820,000). The disposal proceeds (after tax) was fully received from the purchaser in December 2015. The carrying amount of the Civet on the date of disposal was HK$60,240,000. The Group recognised a net gain on partial disposal of HK$32,481,000 (after tax) directly in equity and an increase in non-controlling interests of HK$12,048,000 upon the disposal.

36 RELATED PARTY TRANSACTIONS

The directors of the Group regard CKSE as the immediate holding company, which owns 60% (2014: 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. GNG 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 GNG 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 GNG as well as their close family members.

For the years 2015 and 2014, 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.

36 RELATED PARTY TRANSACTIONS (CONTINUED)

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.

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with immediate holding company, fellow subsidiaries, joint ventures, associates and related companies:

(a) Transactions with related parties

	Note	2015 HK$'000	2014 HK$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– fellow subsidiaries		**229**	265
– joint ventures and associates		**1,896**	97
– other related companies		**315**	232
Passenger transportation agency fees	(i)		
– fellow subsidiaries		**2,061**	2,031
– joint ventures and associates		**11,777**	11,129
– other related companies		**15,598**	2,465
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		**5,024**	5,541
– joint ventures and associates		**25,440**	23,514
– other related companies		**34,209**	13,119
Management service fees			
– immediate holding company	(ii)	**30,000**	28,632
– fellow subsidiaries	(iii)	**720**	–
– joint ventures	(iii)	**3,043**	3,148
– a related company	(iii)	**264**	264
Vessel rental income	(i)		
– a related company		**2,609**	2,701
Interest income			
– a joint venture	(iv)	**349**	422

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	Note	2015 HK$'000	2014 HK$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transshipment expenses	(i)		
– joint ventures and associates		**8,470**	15,503
– other related companies		**6,461**	11,515
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– joint ventures and associates		**59,397**	57,034
– other related companies		**23,245**	14,793
Agency fee expenses	(i)		
– fellow subsidiaries		**309**	447
– joint ventures and associates		**988**	1,065
– other related companies		**604**	34
Ferry terminal operation services fee	(i)		
– a fellow subsidiary		**7,292**	7,295
Luggage handling fee	(v)		
– a related company		**5,950**	7,207
Fuel charges	(i)		
– a fellow subsidiary		**47,645**	80,460
Vessel rental expenses	(i)		
– a joint venture		**31,185**	30,461
Warehouse rental expenses	(vi)		
– immediate holding company		**5,000**	5,000
Office rental expenses	(i)		
– immediate holding company		**6,720**	6,716
Staff quarter rental expenses	(i)		
– immediate holding company		**2,602**	2,181
Loan interest expenses			
– an associate	(vii)	**534**	817
– non-controlling interests	(viii)	**1,838**	156
– a related party	(ix)	**737**	840
Management fee expense	(x)		
– immediate holding company		**7,200**	7,200
Advertising expense			
– a joint venture	(xi)	**–**	3

36 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 (2014: 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 from HK$1.94 to HK$3.3 (2014: 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 the base deposit rate announced by the PBOC (2014: the base deposit rate announced by the PBOC) 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 and at the base lending rate announced by PBOC (2014: 4% per annum).

(ix) Interest was charged by the related party at the base lending rate announced by the PBOC (2014: 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.

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	2015 HK$'000	2014 HK$'000
Salaries and allowances	**6,759**	7,764
Directors' fees	**720**	1,158
Share options granted	**11**	–
Retirement benefit scheme contributions	**84**	78
	7,574	9,000

(c) Loans to joint ventures

	2015 HK$'000	2014 HK$'000
At 1st January	**18,908**	22,823
Exchange differences	**(1,104)**	(296)
Loans repayments received	**–**	(3,619)
At 31st December	**17,804**	18,908

37 EVENTS AFTER THE BALANCE SHEET DATE

On 4th March 2016, the Company entered into a sale and purchase agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), the immediate holding company, to acquire 100% interest of Sun Kong Petroleum Company Limited ("Sun Kong"), a then wholly owned subsidiary of CKSE, with a consideration of HK$166,000,000. The Company and Chu Kong Passenger Transport Company Limited, wholly-owned subsidiary of the Company, entered into another agreement with CKSE and Sportwise Development Limited, a wholly owned subsidiary of CKSE, to acquire 100% interest of Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Cotai Macau"), a then wholly owned subsidiary of CKSE, with a consideration of MOP88,900,000 (approximately HK$86,233,000). After completion, Sun Kong will become a direct wholly-owned subsidiary of the Company whilst Cotai Macau will become an indirect wholly-owned subsidiary of the Company.

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31st December 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**82,226**	89,578
Investment properties		**38,544**	34,279
Land use rights		**34,937**	35,839
Subsidiaries		**1,326,607**	1,326,607
Joint ventures		**95,122**	95,122
		1,577,436	1,581,425
Current assets			
Trade and other receivables		**753,031**	750,575
Loans to joint ventures		**4,386**	4,658
Cash and cash equivalents		**422,255**	104,448
		1,179,672	859,681
Total assets		**2,757,108**	2,441,106
EQUITY			
Share capital		**1,333,171**	877,762
Reserves	(a)	**915,066**	869,219
Total equity		**2,248,237**	1,746,981
LIABILITIES			
Non-current liabilities			
Long term borrowings		**–**	104,000
Deferred income tax liabilities		**4,213**	4,213
		4,213	108,213

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (Continued)

	Note	As at 31st December 2015 HK$'000	2014 HK$'000
Current liabilities			
Trade and other payables		**301,786**	294,560
Loan from an associate		**23,872**	25,352
Short term borrowings		**75,000**	100,000
Current portion of long term borrowings		**104,000**	166,000
		504,658	585,912
Total liabilities		**508,871**	694,125
Total equity and liabilities		**2,757,108**	2,441,106

The balance sheet of the Company was approved by the Board of Directors on 29th March 2016 and was signed on its behalf.

XIONG GEBING
Director

CHENG JIE
Director

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the Company

	Share option reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January 2015	–	–	869,219	869,219
Profit for the year	–	–	164,569	164,569
Share option	78	–	–	78
2014 final dividend	–	–	(64,800)	(64,800)
2015 interim and special dividend	–	–	(54,000)	(54,000)
At 31st December 2015	78	–	914,988	915,066
Representing:				
2015 final dividend proposed				54,000
Reserves				861,066
				915,066

	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

39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(A) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (Note (a))	Employer's contributions to retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2015									
Mr. Liu Weiqing (note (c))	-	-	-	-	-	-	-	-	-
Mr. Xiong Gebing (note (b))	-	331	1,202	-	350	18	-	-	1,901
Mr. Zhang Lei	-	-	-	-	2	-	-	-	2
Mr. Zeng He	-	304	1,086	-	350	18	-	-	1,758
Mr. Cheng Jie	-	304	1,080	-	350	18	-	-	1,752
Mr. Hu Jiahong (note (d))	-	-	-	-	-	-	-	-	-
Mr. Chan Kay-cheung	320	-	-	-	-	-	-	-	320
Ms. Yau Lai Man	200	-	-	-	-	-	-	-	200
Mr. Chow Bing Sing	200	-	-	-	-	-	-	-	200
	720	939	3,368	-	1,052	54	-	-	6,133

Certain of the comparative information of directors' emoluments for the year ended 31st December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(A) Directors' and chief executive's emoluments (Continued)

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (Note (a))	Employer's contributions to retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2014									
Mr. Liu Weiqing (note (c))	-	-	-	-	-	-	-	-	-
Mr. Xiong Gebing (note (b))	250	339	1,422	-	350	17	-	-	2,378
Mr. Huang Shuping	42	23	560	-	-	3	-	-	628
Mr. Yu Qihuo	-	-	-	-	-	-	-	-	-
Mr. Zhang Lei	-	-	-	-	-	-	-	-	-
Mr. Zeng He	208	312	1,166	-	290	17	-	-	1,993
Mr. Cheng Jie	208	283	760	-	290	14	-	-	1,555
Mr. Hu Jiahong (note (d))	-	-	-	-	-	-	-	-	-
Mr. Chan Kay-cheung	250	-	-	-	-	-	-	-	250
Ms. Yau Lai Man	100	-	-	-	-	-	-	-	100
Mr. Chow Bing Sing	100	-	-	-	-	-	-	-	100
	1,158	957	3,908	-	930	51	-	-	7,004

Notes:

(a) Other benefits include share option and housing benefit.

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

(c) Resigned on 3 May 2015.

(d) Resigned on 9 August 2015.

(e) Discretionary bonuses are determined on the Group achieving its target performance indicators.

39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(B) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31st December 2015 and 2014.

(C) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31st December 2015 and 2014.

(D) Consideration provided to third parties for making available directors' services

During the years ended 31st December 2015 and 2014, no consideration was paid by the company to third parties for making available directors' services.

(E) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31st December 2015 and 2014, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

(F) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Five-Year Financial Summary

RESULTS

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue	**1,922,280**	1,828,912	1,619,279	1,514,647	1,384,423
Operating profit	**199,337**	208,892	184,564	143,611	155,560
Finance income	**8,438**	4,667	4,428	4,463	4,163
Finance cost	**(10,484)**	(9,793)	(11,975)	(11,317)	(7,301)
Net finance cost	**(2,046)**	(5,126)	(7,547)	(6,854)	(3,138)
Share of profits less losses of joint ventures and associates	**95,410**	84,546	79,024	50,868	43,988
Profit before income tax	**292,701**	288,312	256,041	187,625	196,410
Income tax expense	**(54,860)**	(58,377)	(55,458)	(42,374)	(38,724)
Profit for the year	**237,841**	229,935	200,583	145,251	157,686
Attributable to:					
Equity holders of the Company	**232,362**	221,268	190,918	135,825	146,819
Non-controlling interests	**5,479**	8,667	9,665	9,426	10,867
	237,841	229,935	200,583	145,251	157,686
Basic earnings per share (HK cents)	**23.01**	24.59	21.21	15.01	16.31

ASSETS AND LIABILITIES

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Non-current assets	**2,581,361**	2,689,371	2,424,061	2,260,156	2,213,387
Current assets	**1,441,931**	1,044,586	1,093,286	942,263	695,998
Total assets	**4,023,292**	3,733,957	3,517,347	3,202,419	2,909,385
Non-current liabilities	**178,903**	248,371	254,292	231,584	140,779
Current liabilities	**919,828**	1,038,713	996,667	880,370	792,508
Total liabilities	**1,098,731**	1,287,084	1,250,959	1,111,954	933,287
Total equity	**2,924,561**	2,446,873	2,266,388	2,090,465	1,976,098

Notes:

(a) The financial information for the years ended 31st December 2014 and 2015 were extracted from the 2015 financial statements.

(b) The financial information for the years ended 31st December 2011, 2012 and 2013 were extracted from the 2014 Annual Report.

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