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ANNOUNCEMENT OF 2022 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the “Board”) of Chu Kong Shipping Enterprises (Group) Company Limited (the “Company”), I hereby present the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 to the shareholders. The Group recorded a consolidated revenue of HK\$2,899,545,000 (2021: HK\$2,268,408,000), representing an increase of 27.8% as compared with last year, profit attributable to the shareholders of the Company amounted to HK\$93,490,000 (2021: HK\$44,074,000), representing an increase of 112.1% as compared with last year.

REVIEW

In 2022, the international situation was complex and volatile, the COVID-19 epidemic was rampant and the market environment continued to be sluggish. The passenger transportation business of the Group was severely impacted, with all cross-border passenger routes suspended except for three one-way voyages every day between Shekou and the Hong Kong International Airport, the local ferry business was also reduced and suspended for two months due to the fifth wave of the COVID-19 outbreak in Hong Kong. A significant increase in international fuel prices has led to a rise in the Group's operating costs. Facing the severe and complex external environment, the Group delved into potential market exploration and strengthened its business development. The profitability of the terminal logistics business has continually enhanced, and the scale of the integrated logistics, cross-border e-commerce and air freight logistics businesses has continually expanded. Significant progress has also been made in expanding the local businesses in water cultural tourism and oil supply in the sea business.

The Group had actively participated and supported Hong Kong in the fight against the pandemic and was fully committed to providing livelihood for its residents. Being faced with the precarious situation of the fifth wave epidemic in Hong Kong, the Group had fully leveraged its business advantage of “transit + port” in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group had opened up “Green Passages” and “Synergised Passages” for waterway transportation, which in turn efficiently supplied anti-epidemic medical materials, anti-epidemic quarantine facilities, as well as the daily necessities such as fresh food and grocery items in Hong Kong. The Group also organised personnel and resources specifically to maintain daily operation of the local ferries, thus addressing the need of commute for the general public in Hong Kong. The Group’s outstanding contribution in the process of “Aiding Hong Kong Against the Epidemic” received extensive coverage by many mainstream news media, and was highly accredited by the Government of the Hong Kong Special Administrative Region, the community, and the general public.

The Group has been actively promoting and upgrading its business strategy and achieved a steady growth in the business. On the impetus of the logistic business in supplying anti-epidemic materials to Hong Kong, Chu Kong Transshipment & Logistics Company Limited (“CKTL”) achieved a significant enhancement in its operating performance. The Group has successfully put its construction logistics centre in operation, and rapidly developed the local construction logistics business in Hong Kong. CKTL has successfully implemented multiple large-scale construction logistic projects, the storage logistics and the integrated logistics business have been rapidly developed. The new warehouse in Tuen Mun commenced operation smoothly, in turn, continued boosting the growth of the warehouse storage business. The business of trans-customs transportation from Gaoming Port directly to Guangzhou Baiyun International Airport has been launched, which substantially increased the cross-border e-commerce business.

The Group has been actively promoting and upgrading its airport strategy, and achieved a certain breakthrough in the airport-related business. Hong Kong International Airport Ferry Terminal Services Limited (“Airport Ferry Terminal”) has won the bid for the project of passenger and baggage services in the transit terminal of the Hong Kong International Airport, thereby the Group’s cross-border airport passenger service will be expanded from the original “sea to air intermodal” to “sea-land-air intermodal”. The Hong Kong International Airport-related service businesses which were developed previously by Chu Kong Passenger Transport Company Limited (“CKPT”) have maintained normal operation under the impact of the epidemic, among which, the car-sharing business on the apron of the Hong Kong International Airport has maintained a steady growth.

The Group has been actively promoting and upgrading its strategy of Hong Kong in which the local businesses expansion in which has achieved remarkable results. Oriental Pearl Cruise Company Limited (“Oriental Pearl”) has successfully obtained the Hong Kong Travel Agency License, and its sightseeing cruise “Oriental Pearl” has obtained the qualification for berthing in Central Pier No.8 in Hong Kong. Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”) has successfully won the warehouse and distribution project for the Castrol lubricant in Hong Kong, effectively enhancing the diversity and profitability of Sun Kong Petroleum's fuel supply business.

Whilst successfully promoting several major projects, the Group strictly controlled costs and expenses, and successfully applied for several government anti-epidemic subsidies to alleviate its business and operating pressure.

OUTLOOK

On 8 January 2023, Hong Kong, Macao and Mainland China officially resumed normal traveller clearance, and the multiple cross-border waterway passenger routes operated by the Group across Guangdong-Hong Kong and Hong Kong-Macao have also resumed operation. The movement of cross-border personnel and material flow has gradually resumed normal. Hong Kong's position as an international financial, trade and maritime centre will be further consolidated and enhanced, providing the Group with greater prospects and a better platform for future development. The Group will firmly grasp the strategic opportunities brought by the national “14th Five-Year Plan”, the Guangdong-Hong Kong-Macao Greater Bay Area development, as well as the “Belt and Road” initiative. By utilising terminal logistics business as the core, the Group will strengthen, enhance and expand its modern warehousing, oil supply in the sea, as well as the cross-border e-commerce businesses and passenger-cultural tourism, which in turn promote high-quality enterprise development.

Firstly, the Group will promote the transformation of its business operation model for better structure and greater synergy. The Group will fully leverage the integrated role of CKTL as a transshipment hub, optimise the business layout, integrate inner port resources, consolidate development synergy and continue to enhance the overall competitiveness of its terminals. The Group will also accelerate the implementation of integrated management for its cross-border waterway passenger transportation business and continue to optimise cross-border passenger transportation routes.

Secondly, the Group will promote the transformation of its warehousing and storage services business to a larger scale and higher efficiency. The Group will further build a professional platform for construction logistics centre, expand the construction logistics services business related to the construction projects in Hong Kong and simultaneously develop the building materials supply business. Besides, the Group will vigorously develop its modern logistics businesses including air freight logistics, supply chain logistics, cold chain logistics, duty-free product storage, etc., which formed a comprehensive supply chain logistics network and promoted its logistics business development to an extension of modern industrial chain. Moreover, the Group will accelerate the establishment of logistics business outlets in the ASEAN region, acquisition of investment projects of synergistic value, as well as establishment of overseas bases, and will actively explore the markets along the “Belt and Road”.

Thirdly, the Group will promote the transformation of its Hong Kong local businesses for service enhancement and better branding. The Group will strive to integrate its business into the Hong Kong airport business circle, actively participate in the bidding for the strategic quality projects related to the Hong Kong International Airport, and strive to become a comprehensive service provider for the Hong Kong International Airport. The Group will also delve into the exploration of market potential of its local public transportation business in Hong Kong and continue to expand new local ferry services. In addition, the Group will persistently build up the brand of "Oriental Pearl" by carrying out advertising and sponsoring campaigns on ferry, increasing advertising and marketing efforts, and continuing to expand the cultural tourism market.

Fourthly, the Group will promote the transformation of its waterway passenger transportation and other auxiliary businesses for better business models and greater resilience. The Group will firmly grasp the new development opportunities in the resumption of cross-border waterway passenger transportation, and endeavour to carry out the operation resumption of important cross-border routes such as routes across Guangzhou Pazhou-Hong Kong and Shenzhen Airport-Hong Kong. The Group will also actively participate in the bidding for the oil supply in marine work projects of the Hong Kong Government, strive for new agency business in lubricant storage, and expand the fleet for lubricant shipping.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all of our investors and partners who have shown tremendous support to the Group, as well as to our management and employees who have worked hard to strive towards better results for the Group. We will actively implement the corporate philosophy of “Providing First-class Services, Building the Brand of a Century”, as we strive to create value for shareholders, and make further contributions towards the prosperity of Guangdong, Hong Kong and Macao.

Liu Guanghui
Chairman

Hong Kong, 24 March 2023

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	2,899,545	2,268,408
Cost of sales/services rendered		(2,644,655)	(2,007,156)
Gross profit		254,890	261,252
Other income		226,918	166,243
Other (losses)/gains, net	8	(22,943)	4,313
General and administrative expenses		(296,478)	(301,035)
Operating profit		162,387	130,773
Finance income		11,934	10,051
Finance cost		(24,121)	(11,508)
Share of profits less losses of :			
- Joint ventures		(9,619)	(25,212)
- Associates		(9,506)	(9,970)
Profit before income tax	7	131,075	94,134
Income tax expense	9	(23,050)	(27,861)
Profit for the year		108,025	66,273
Attributable to:			
Equity holders of the Company		93,490	44,074
Non-controlling interests		14,535	22,199
		108,025	66,273
Earnings per share (HK cents)	<i>11</i>		
Basic and Diluted		8.34	3.93

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	108,025	66,273
	-----	-----
Other comprehensive income for the year:		
<i>Item that will not be reclassified to profit or loss</i>		
Unlisted equity security at fair value through other comprehensive income – change in fair value, net off HK\$nil tax effect	1,249	-
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>		
Currency translation differences, net off HK\$nil tax effect:		
- Subsidiaries	(110,561)	48,496
- Joint ventures and associates	(32,177)	12,613
Cash flow hedges:		
Net movement in the hedging reserve, net of HK\$nil tax effect (2021: HK\$3,582,000)	-	(18,127)
	-----	-----
Other comprehensive income for the year	(141,489)	42,982
	-----	-----
Total comprehensive income for the year	(33,464)	109,255
	=====	=====
Attributable to:		
Equity holders of the Company	(39,503)	90,225
Non-controlling interests	6,039	19,030
	-----	-----
	(33,464)	109,255
	=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,068,788	2,173,976
Investment properties		46,348	51,946
Land use rights		340,137	374,052
Intangible assets		234,603	239,821
Investments in joint ventures		306,885	349,096
Investments in associates		98,388	107,622
Deferred income tax assets		8,102	1,044
Other non-current assets		15,974	1,743
		<hr/> 3,119,225 <hr/>	<hr/> 3,299,300 <hr/>
Current assets			
Inventories and spare parts		22,301	27,134
Trade and other receivables	5	364,681	325,120
Loan to a joint venture		-	1,223
Bank deposits and cash and cash equivalents		1,063,573	1,045,089
		<hr/> 1,450,555 <hr/>	<hr/> 1,398,566 <hr/>
Total assets		<hr/> 4,569,780 <hr/>	<hr/> 4,697,866 <hr/>
EQUITY			
Share capital		1,415,118	1,415,118
Reserves		1,753,379	1,815,305
		<hr/> 3,168,497 <hr/>	<hr/> 3,230,423 <hr/>
Non-controlling interests		326,810	320,771
Total equity		<hr/> 3,495,307 <hr/>	<hr/> 3,551,194 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		92,687	100,782
Deferred income		1,799	3,849
Lease liabilities		43,656	76,379
Long term borrowings		148,701	181,757
		<hr/> 286,843 <hr/>	<hr/> 362,767 <hr/>
Current liabilities			
Trade payables, accruals and other payables	6	469,542	434,817
Amounts due to the non-controlling interests		43,518	46,769
Income tax payables		7,808	6,931
Lease liabilities		29,108	29,310
Short-term borrowings		220,000	250,000
Current portion of long-term borrowings		17,654	16,078
		<hr/> 787,630 <hr/>	<hr/> 783,905 <hr/>
Total liabilities		<hr/> 1,074,473 <hr/>	<hr/> 1,146,672 <hr/>
Total equity and liabilities		<hr/> 4,569,780 <hr/>	<hr/> 4,697,866 <hr/>
Net current assets		<hr/> 662,925 <hr/>	<hr/> 614,661 <hr/>
Total assets less current liabilities		<hr/> 3,782,150 <hr/>	<hr/> 3,913,961 <hr/>

NOTES:

1. Statement of compliance

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and consequently no assurance has been expressed by KPMG on the preliminary announcement.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. Principal accounting policies

(i) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current account period of the Group:

- Amendments to HKAS 16, *Property, plant and equipment, Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these development have had a material effect on how the Group’s result and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Principal accounting policies (Continued)

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new and amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements:</i> <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Non-current liabilities with covenants</i>	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. Revenue and segment information

Revenue consists of revenues from cargo transportation, cargo handling and storage, passenger transportation, fuel supply, and corporate and other businesses.

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Cargo transportation	2,008,334	1,499,058
Cargo handling and storage	469,920	407,852
Passenger transportation	263,193	273,664
Fuel supply	134,306	71,111
Corporate and other businesses	23,792	16,723
	<u>2,899,545</u>	<u>2,268,408</u>

The chief operating decision-maker has been identified as the executive directors of the Company, who 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 five 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 and container handling, cargo consolidation and godown storage
- (iii) Passenger transportation – Passenger transportation agency services, travel agency operation and passenger carrier service and provision of ferry services and charter hire of vessels services
- (iv) Fuel supply – Oil trading and marine bunkering service
- (v) Corporate and other businesses – Investment holding and other businesses

The executive directors of the Company assess 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 statement of profit or loss.

4. Revenue and segment information (Continued)

	Cargo Transportation	Cargo handling and storage	Passenger transportation	Fuel supply	Corporate and other businesses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2022						
Total revenue	2,209,716	694,831	263,193	306,533	60,815	3,535,088
Inter-segment revenue	(201,382)	(224,911)	-	(172,227)	(37,023)	(635,543)
Revenue (from external customers)	2,008,334	469,920	263,193	134,306	23,792	2,899,545
Timing of revenue recognition						
At a point in time	-	-	207,910	134,306	-	342,216
Over time	2,008,334	469,920	55,283	-	23,792	2,557,329
	2,008,334	469,920	263,193	134,306	23,792	2,899,545
Segment profit / (loss) before income tax (expense)/credit	19,100	113,084	(30,926)	127	29,690	131,075
Income tax (expense) / credit	(3,071)	(23,025)	(1,553)	41	4,558	(23,050)
Segment profit / (loss) after income tax expense	16,029	90,059	(32,479)	168	34,248	108,025
Segment profit / (loss) before income tax expense includes:						
Finance income	307	52	482	9	11,084	11,934
Finance cost	(673)	(20,868)	(1,046)	(7)	(1,527)	(24,121)
Depreciation and amortisation	(8,453)	(124,126)	(33,528)	(2,441)	(4,640)	(173,188)
Share of profits less losses of:						
Joint ventures	3,156	6,014	(18,789)	-	-	(9,619)
Associates	-	3,142	(12,648)	-	-	(9,506)

4. Revenue and segment information (Continued)

	Cargo Transportation	Cargo handling and storage	Passenger transportation	Fuel supply	Corporate and other businesses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2021						
Total revenue	1,594,866	559,199	273,664	165,598	33,077	2,626,404
Inter-segment revenue	(95,808)	(151,347)	-	(94,487)	(16,354)	(357,996)
Revenue (from external customers)	1,499,058	407,852	273,664	71,111	16,723	2,268,408
Timing of revenue recognition						
At a point in time	-	-	220,208	71,111	589	291,908
Over time	1,499,058	407,852	53,456	-	16,134	1,976,500
	1,499,058	407,852	273,664	71,111	16,723	2,268,408
Segment profit / (loss) before income tax expense	26,445	59,682	(39,498)	(6,011)	53,516	94,134
Income tax expense	(2,735)	(16,580)	(2,936)	(28)	(5,582)	(27,861)
Segment profit / (loss) after income tax expense	23,710	43,102	(42,434)	(6,039)	47,934	66,273
Segment profit / (loss) before income tax expense includes:						
Finance income	519	930	76	7	8,519	10,051
Finance cost	(852)	(8,166)	(1,494)	(10)	(986)	(11,508)
Depreciation and amortisation	(12,990)	(112,638)	(30,454)	(3,210)	(7,617)	(166,909)
Share of profits less losses of:						
Joint ventures	3,828	999	(30,039)	-	-	(25,212)
Associates	-	4,860	(14,830)	-	-	(9,970)

4. Revenue and segment information (Continued)

	Cargo Transportation HK\$'000	Cargo handling and storage HK\$'000	Passenger transportation HK\$'000	Fuel supply HK\$'000	Corporate and other businesses HK\$'000	Inter segment elimination HK\$'000	Total HK\$'000
As at 31 December 2022							
Total segment assets	646,959	2,677,598	849,047	146,154	1,897,072	(1,647,050)	4,569,780
Total segment assets include:							
Joint ventures	43,547	120,097	143,241	-	-	-	306,885
Associates	-	45,083	53,305	-	-	-	98,388
Additions to non-current assets (excluding deferred income tax assets)	10,111	80,304	3,314	18,754	11,686	-	124,169
Total segment liabilities	(489,010)	(778,212)	(279,438)	(67,688)	(1,107,175)	1,647,050	(1,074,473)

4. Revenue and segment information (Continued)

	Cargo Transportation HK\$'000	Cargo handling and storage HK\$'000	Passenger transportation HK\$'000	Fuel supply HK\$'000	Corporate and other businesses HK\$'000	Inter segment elimination HK\$'000	Total HK\$'000
As at 31 December 2021							
Total segment assets	555,776	2,757,458	902,893	132,475	1,949,477	(1,600,213)	4,697,866
Total segment assets include:							
Joint ventures	42,151	133,411	173,534	-	-	-	349,096
Associates	-	45,969	61,653	-	-	-	107,622
Additions to non-current assets (excluding deferred income tax assets)	4,429	161,711	53,733	23,129	6,832	-	249,834
Total segment liabilities	(391,473)	(815,779)	(291,624)	(47,656)	(1,200,353)	1,600,213	(1,146,672)

4. Revenue and segment information (Continued)

The Group's revenue is substantially 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 of Company 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:

	2022 HK\$'000	2021 HK\$'000
Non-current assets excluding joint ventures and associates, other financial asset and deferred income tax assets		
Hong Kong	1,413,186	1,393,968
Mainland China	1,289,672	1,445,827
	<u>2,702,858</u>	<u>2,839,795</u>
	-----	-----
Joint ventures and associates		
Hong Kong	42,446	44,306
Singapore	21,872	19,399
Mainland China	340,955	393,013
	<u>405,273</u>	<u>456,718</u>
	-----	-----
Other financial asset	2,992	1,743
Deferred income tax assets	8,102	1,044
	-----	-----
	<u>3,119,225</u>	<u>3,299,300</u>
	=====	=====

5. Trade and other receivables

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

	2022	2021
	HK\$'000	HK\$'000
Within 3 months	179,417	151,244
4 to 6 months	12,031	10,760
7 to 12 months	11,161	2,692
Over 12 months	24,047	27,972
	<hr/>	<hr/>
	226,656	192,668
Less: loss allowance recognised	(8,081)	(2,169)
	<hr/>	<hr/>
	218,575	190,499
	<hr/> <hr/>	<hr/> <hr/>

6. Trade payables, accruals and other payables

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

	2022	2021
	HK\$'000	HK\$'000
Within 3 months	208,301	147,473
4 to 6 months	22,682	16,949
7 to 12 months	7,119	15,866
Over 12 months	9,509	11,121
	<hr/>	<hr/>
	247,611	191,409
	<hr/> <hr/>	<hr/> <hr/>

7. Profit before tax

Profit before tax is arrived at after charging:

	2022 HK\$'000	2021 HK\$'000
Amortisation of land use rights	11,448	11,787
Depreciation of property, plant and equipment	158,633	152,046
Depreciation of investment properties	1,196	1,306
Amortisation of intangible assets	1,911	1,770
Lease payments for short-term leases		
- vessels and barges	152,584	140,746
- buildings	4,020	4,164
Staff costs (including directors' emoluments)	569,975	549,786
	<u> </u>	<u> </u>

8. Other (losses) / gains, net

	2022 HK\$'000	2021 HK\$'000
Exchange (losses) / gains, net	(11,149)	3,870
Gain on disposals of property, plant and equipment	584	4,341
Impairment loss of property, plant and equipment	-	(2,835)
Provision for impairment of trade receivables, net	(6,462)	(1,063)
Provision for impairment of other receivables	(5,916)	-
	<u> </u>	<u> </u>
	<u>(22,943)</u>	<u>4,313</u>

9. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. The People's Republic of China ("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% (2021: 25%). Macao profits tax has been provided at the rate of 12% (2021: 12%) on the estimated assessable profit for the year.

	2022 HK\$'000	2021 HK\$'000
Current income tax		
- Hong Kong profits tax	9,732	13,414
- PRC corporate income tax	21,366	14,483
- Under provision in prior years	14	7
Deferred income tax expense	(8,062)	(43)
	<u>23,050</u>	<u>27,861</u>

10. Dividends

On 24 March 2023, the board of directors resolve to propose a final dividend of HK4 cents per ordinary share for 2022 (2021: HK2 cents per ordinary share) and a special dividend of HK2 cents per ordinary share for 2022 (2021 special dividend: nil) for the year ended 31 December 2022. These proposed dividends are not reflected as a dividend payable in these financial statements. During the year, the total dividends paid by the Company, including the final dividend for the year 2021, amounting to HK\$22,423,000 (2021: HK\$22,423,000).

	2022 HK\$'000	2021 HK\$'000
Final, proposed, of HK4 cents (2021: HK2 cents) per ordinary share	44,847	22,423
Special, proposed, of HK2 cents (2021: nil) per ordinary share	22,423	-
	<u>22,423</u>	<u>-</u>

11. 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.

	2022	2021
Profit attributable to equity holders of the Company (HK\$'000)	<u>93,490</u>	<u>44,074</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,121,167</u>	<u>1,121,167</u>
Basic earnings per share (HK cents)	<u>8.34</u>	<u>3.93</u>

Diluted earnings per share for the years ended 31 December 2022 and 2021 are the same with basic earnings per share as there were no dilutive potential ordinary shares in issue.

12. Non-adjusting post reporting period events

After the end of the reporting period, the directors of the Company proposed a final dividend, the details of which are disclosed in note 10.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2022, the Group recorded a consolidated revenue of HK\$2,899,545,000 representing an increase of 27.8% over the same period last year. Profit attributable to the shareholders of the Company amounted to HK\$93,490,000 representing an increase of 112.1% over the same period last year.

In 2022, the continuous rebound of the COVID-19 epidemic situation has resulted in greater downward pressure on the global economy. The international oil prices and inflation trends were pushed up by the Russia-Ukraine conflict, the interest rate was raised rapidly by the United States in order to curb its internal inflation which in turn pushing up the exchange rate of the US dollar and depreciating the value of the Renminbi, and the Sino-US game also affected the stable development of trade and navigation market to a certain extent. Despite the extremely unfavourable external environment, benefited from the effective implementation of the new development concept of "Domestic-international Dual Circulation" in PRC, the PRC's logistics industry has recovered at a relatively fast pace and the market scale has also steadily expanded which strongly supported the smooth and orderly operation of various areas of the industrial chain and livelihood consumption businesses. Meanwhile, the cross-border passenger business has recovered steadily with the gradual relaxation of the anti-epidemic measures. Compared with the same period last year, the Group's cargoes transportation business progressed well, with both increases in the break bulk cargoes transportation volume and handling volume. The waterway passenger transportation business has been transformed actively in facing difficulties by developing new routes and exploring new business opportunities. In the critical period of the post-epidemic era, the Group shall seize new opportunities and continue to seek new development by delving into exploring business potentials to promote the upgrade of its logistic strategy. The Group shall also promote the implementation of its strategy of Hong Kong by focusing on brand building and utilising the advantages of the resources to realise the transformation of the passenger transportation business.

Regarding the cargoes transportation business, the Group continued to leverage on advantages of the terminals' network within the Guangdong-Hong Kong-Macao Greater Bay Area by fully grasping the opportunities raised from the policy and integrating the overall development plan of the country. We adhered to synergistic development on both domestic and foreign trade businesses, developed diversified businesses and supported Hong Kong to fight against the epidemic. Adapting to the current trend, the Group actively expanded the new forms of business including the development of "Composite Ports", construction logistics, and anti-epidemic materials transportation, etc., the Group also enriched its diversity of cargo portfolio and effectively extended its logistics business chain. At the critical moment during the severe situation of the fifth wave of epidemic prevention in Hong Kong, the Group has actively fulfilled its social responsibility by operating three "Fixed time and fixed point waterway transportation routes for supplying materials to Hong Kong", which in turn highly fulfilled the commitment of the supply of the livelihood resources and epidemic prevention materials to Hong Kong. During the year, the container transportation volume reached 1,285,000 TEU, representing a year-on-year decrease of 9.2%, while break bulk cargoes transportation volume reached 678,000 tons, representing a year-on-year increase of 3.5%. As for the cargo handling business, the container handling volume reached 1,131,000 TEU, representing a year-on-year decrease of 2.3%, while the break bulk cargoes handling volume reached 10,209,000 tons, representing a year-on-year increase of 30.0%, and the container hauling and trucking volume amounted to 200,000 TEU, representing a year-on-year decrease of 11.5%.

BUSINESS REVIEW (Continued)

Regarding the passenger transportation business, despite majority of the operations of cross-border waterway passenger routes of urban areas and the airport were suspended due to the epidemic, limited services of the one-way route from Shekou to the Hong Kong International Airport was maintained, the business operation indicators of cross-border waterway passenger transportation increased compared with the same period last year. However, due to the fifth wave of the Hong Kong epidemic in the first half of the year, the local ferry services were forced to be reduced and suspended, resulting in a slight year-on-year decline in the number of passengers. During the year, the total number of passengers for agency services was 127,000, representing a year-on-year increase of 22.1%. The number of passengers for terminal services was 127,000, representing a year-on-year increase of 22.1%. The number of passengers for local ferry transportation services was 11,339,000, representing a year-on-year decrease of 11.4%.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

1. Cargo Transportation Business

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

Indicators	For the year ended 31 December		
	2022	2021	Change
Container transportation volume (TEU)	1,285,000	1,415,000	-9.2%
Break bulk cargoes transportation volume (revenue tons)	678,000	655,000	3.5%
Volume of container hauling and trucking on land (TEU)	200,000	226,000	-11.5%

Subsidiaries

During the year, the COVID-19 epidemic continued to pose an obstacle to the stable development of the Group's freight transportation business, CKTL overcame the challenge and actively delved into innovation, and its construction logistics business achieved a significant enhancement. The volume of break bulk cargoes transportation for the year recorded 678,000 TEU, representing a year-on-year increase of 3.5%. The volume of container transportation for the year recorded 1,285,000 TEU, representing a year-on-year decrease of 9.2%. The volume of container hauling and trucking on land for the year recorded 200,000 TEU, representing a year-on-year decrease of 11.5%.

Subsidiaries (Continued)

Taking the new warehouse in Tuen Mun as an important strategic pivot, CKTL has leveraged its strength in resources to develop emerging businesses, deepen the cooperation between cargo terminals and navigation, and promote the transformation and upgrade. In terms of construction logistics, CKTL has closely monitored the trend of the infrastructure market in Hong Kong and Macao and responded to the market demand. The construction logistics centre located at Yau Ma Tei was successfully put into operation at the beginning of the year, and successfully undertook the project of transporting the inner wall bent plate of the tunnel for the Central Kowloon Route and the project of the transitional housing scheme in Kong Ha Wai Village, and took advantage of the opportunity to upgrade the “Huangpu-Hong Kong” building materials logistics line to seize development opportunities. In terms of cargo terminals and navigation cooperation, CKTL completed the construction of the integrated operation platform for port and barges with the Zhaoqing region during the period to give full play to the synergy effect and enhance efficiency and quality. In terms of e-commerce business, the regular line for the waterway e-commerce logistics between Shenzhen and Hong Kong was successfully launched, the Group continues to explore the potential of e-commerce logistics business. In terms of supporting Hong Kong in the fight against the epidemic, CKTL has fully leveraged its business advantage as a combination of “transit + port” in the Guangdong-Hong Kong-Macao Greater Bay Area, and successfully opened up “Green Passages” and “Synergised Passages” for waterway transportation to secure a full logistics chain, which in turn efficiently supplied anti-epidemic medical materials, anti-epidemic quarantine facilities, as well as the daily necessities such as fresh food and grocery items. The successful experience in the fight against the epidemic and the transportation of livelihood supplies during the epidemic has laid a solid foundation for strengthening and enlarging the local liner’s cargoes businesses in Hong Kong.

2. Cargo Handling and Storage Business

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

Indicators	For the year ended 31 December		
	2022	2021	Change
Container handling volume (TEU)	1,131,000	1,158,000	-2.3%
Volume of break bulk cargoes handled (revenue tons)	10,209,000	7,851,000	30.0%

Subsidiaries

During the year, despite the complex and challenging external environment, the Group took various measures to achieve steady growth in overall container handling volume. The subsidiaries of the Group fully implemented their strategic plans, continued to optimise their business models, focused on generating efficiency gains and promoted business transformation and upgrading. During the year, the volume of container transportation was 1,131,000 TEU, representing a year-on-year decrease of 2.3%, while the volume of break bulk cargoes handling volume during the year was 10,209,000 tons, representing a year-on-year increase of 30.0%.

Major business operation indicators by region are as follows:

Region	For the year ended 31 December					
	Container handling volume (TEU)			Break bulk cargoes handling volume (revenue tons)		
	2022	2021	Change	2022	2021	Change
Zhaoqing	186,000	170,000	9.4%	6,518,000	5,617,000	16.0%
Foshan	267,000	336,000	-20.5%	166,000	33,000	403.0%
Qingyuan	117,000	102,000	14.7%	238,000	220,000	8.2%
Zhuhai	206,000	200,000	3.0%	1,622,000	1,168,000	38.9%
Zhongshan	31,000	29,000	6.9%	472,000	139,000	239.6%
Hong Kong	324,000	321,000	0.9%	1,193,000	674,000	77.0%

Strongly relying on the Guangdong-Hong Kong-Macao Greater Bay Area composite ports project, the terminals in the Zhaoqing region actively innovated the operation mode, vigorously promoted the water gate project and strived to realise the parallel operation of cargo terminals and navigation. The container handling volume for the year recorded 186,000 TEU, representing a year-on-year growth of 9.4%. The overall break bulk cargoes handling volume recorded 6,518,000 tons, increased by 16.0% year-on-year. During the period, Zhaoqing New Port Production and Operation Centre was officially launched, through coordinating and integrating the business resources and fully utilising the advantages of integrated management. The Zhaoqing New Port Production and Operation Centre successfully promoted the “Break bulk to bulk” integrated logistics project for mineral sands cargoes, and also improved the inspection facilities, which accelerated the establishment of a cluster port for the import of logs and recycled metals, resulting in a year-on-year increase of 72.2% in the container handling volumes for foreign trade. Sihui Port vigorously expanded its integrated logistics business and improved its business chains of the products such as cotton yarn, cement, gravel and soil, etc., with a break bulk cargoes handling volume of 1,071,000 tons during the year, representing a significant increase of 285.3% year-on-year. On the basis of consolidating the original business of exporting ceramics and stone goods, Gaoyao Port actively developed new sources of goods such as precision machinery and furniture products by taking advantage of its tractor-trailer resources to achieve diversified operation. Kangzhou Port was recognised as a National Category 2 port, and it vigorously developed its domestic bulk cargoes business in building materials such as sand, gravel, and crushed stone, etc., which attracted the configuration and landing of the building materials centre close to the port.

Subsidiaries (Continued)

Foshan region Gaoming Port achieved a container handling volume of 267,000 TEU, representing a year-on-year decrease of 20.5%, and a break bulk cargoes handling volume of 166,000 tons, representing a year-on-year increase of 403.0%, mainly driven by a strong growth in break bulk cargoes. Gaoming Port seized the new opportunity of the “Dual Districts and Dual Cores” and continued to deepen its composite ports business, vigorously consolidated and expanded the foreign trade and bulk cargo businesses. The port had built one of the largest and highest standard “renewable resources” inspection fields in Guangzhou Customs District through its renewable resource business. Meanwhile, Gaoming Port grasped the new business opportunities of the second airport in Guangzhou and improved the integrated logistics service platform continuously. During the year, the port officially opened a new mode of “trans-customs” transportation business between Gaoming Port and Guangzhou Baiyun International Airport, and successfully obtained the venue operation qualification for cross-border land transport operation points. Moreover, the express centre of Gaoming Port successfully launched the cross-border e-commerce direct purchase and export business, and further enhanced the operation level of cross-border e-commerce business by introducing the influential strategic partners and effectively promoted the healthy development of the new business mode.

During the period, the container handling volume at Qingyuan Port recorded 117,000 TEU, representing a year-on-year increase of 14.7%, and again made a new high by breaking last year’s record of exceeding 100,000 for the first time. The break bulk cargoes handling volume was 238,000 tons, representing a year-on-year increase of 8.2%, both domestic and foreign trade businesses have achieved balance in development. During the year, Qingyuan Port launched the “Qingyuan-Shekou” combined port project with China Merchants Port, realising the inter-city port logistics synergy and customs integration. Through the introduction of break bulk cement export business, the break bulk cargoes handling volume of foreign trade exceeded 100,000 tons, reaching a new level. Meanwhile, the Qingyuan Port fully supported Hong Kong in fighting against the epidemic and took the initiative to adjust the cargo structure and build a “main artery” for the transportation of epidemic prevention materials from Qingyuan to Hong Kong, effectively enhancing the growth of cargo volume. In the future, the Qingyuan Port will continue to explore the potential of ceramics and plastic products in the hinterland and make full use of the combined port model to optimise the customs clearance environment and improve operational efficiency to achieve leapfrog development.

Subsidiaries (Continued)

The overall container handling volume in the Zhuhai region recorded 206,000 TEU, representing a year-on-year increase of 3.0%; break bulk cargoes handling volume recorded 1,622,000 tons, representing a year-on-year increase of 38.9%. During the period, the container handling volume at Doumen Port recorded 61,000 TEU, representing a year-on-year increase of 22.0%, while the port's foreign trade break bulk cargoes handling volume recorded 242,000 tons, which is 2.7 times higher than that of the previous year, the increase was mainly due to the development the bulk building materials business, such as remote loading of bridge components for Hong Kong and Macao, as well as berthing and loading of cement ships for Hong Kong. The official launch of the "Doumen-Shekou" combined port project enabled the Doumen Port to fully utilise its resources to attract the foreign trade enterprises in the region and further diversify its business. Doumen Port also delved into the Hong Kong-Zhuhai-Macao Bridge economy, developed the import business of the bridge warehouse. Based on consolidating the bridge inspection business, Doumen Port actively developed the truck reloading transfer services businesses for Hong Kong and Macao. Moreover, Doumen Port actively communicated with the Customs and Excise Department and other joint inspection units to complete the qualification examination and acceptance process of the imported fruits at the designated fruit supervision sites, so as to provide the hardware infrastructure for the next step of the fruit import business. At the same time, the port actively mobilised the transportation resources, successfully completed the materials transportation project for the Mobile Cabin Hospital and the anti-epidemic materials to Hong Kong, while expanding the break bulk cargo business, it supported Hong Kong to overcome the fifth wave epidemic. Civet Port achieved a container handling volume of 144,000 TEU, representing a year-on-year decrease of 4.0%, and a break bulk cargoes handling volume recorded 744,000 tons, representing a year-on-year increase of 198.8%. Civet Port developed the sand and gravel handling business continuously, achieved the significant increase in the foreign trade break bulk cargoes handling volume. Taking the Hong Kong-Zhuhai-Macao Bridge as an opportunity, the port successfully took over the business of the Zhuhai Cross-border Freight Connecting Station and the Guangdong-Hong Kong-Macao Logistics Park Cross-border Freight Terminal, achieving remarkable results in differentiated operation. Meanwhile, Civet Port also actively coordinated the deployment of new cross-border e-commerce, pioneered shipping e-commerce, and actively joined hands with Hongwan Terminal to further deepen business cooperation between Hong Kong, Zhuhai and Macao by fully utilising the resources and strength of both sides.

Subsidiaries (Continued)

During the period, Zhongshan Huangpu Port in Zhongshan region took a number of measures to achieve “double growth” in both container handling volume and break bulk cargoes handling volume, which the container handling volume recorded 31,000 TEU, representing a year-on-year increase of 6.9%, while the break bulk cargoes handling volume recorded 472,000 tons, which is 3.4 times of the previous year. Zhongshan Huangpu Port's container business grew steadily during the year and continued to expand its revenue by actively exploring new businesses such as aluminum sulphate containerisation and new container storage. In terms of break bulk cargoes business, the port continued to tap into the construction logistic projects in the Guangdong-Hong Kong-Macao Greater Bay Area, and launched regular bulk cargo business, bulk cargo charter business and fly ash business in foreign trade, while adding sand and gravel, cement and pipe piling businesses in domestic trade, so as to achieve the synergistic development in both domestic and foreign trade. Through the renovation of loading and unloading facilities, the cement transfer warehouse obtained the break bulk cargoes operation permit issued by the Traffic Transport Bureau, which will contribute stable income to the Zhongshan Huangpu Port as being the only compliant cement transfer station in Zhongshan. The port operated the temporary bunkering station project for LNG vessels, promoted the low-carbon transformation of the industry, actively undertook the transportation project of the construction of Hong Kong Mobile Cabin Hospital supported by the Central Government, and earnestly fulfilled the corporate social responsibilities.

The terminals in the Hong Kong region recorded 324,000 TEU of container handling volume, representing a slight increase compared with the volume of previous year. The break bulk cargoes handling volume recorded 1,193,000 tons, representing a significant year-on-year increase of 77.0%. During the year, CKTL leveraged its freight forwarding network to develop the integrated logistics projects and explored the potential of warehousing business actively, and successfully undertook the integrated logistics business for clients such as Sinopharm Holdings Guangzhou Co. The operation of the Yau Ma Tei construction logistics loading, unloading and distribution base has laid a solid foundation for further development of the construction logistics market in China and Southeast Asia. CKTL seized the opportunity of supporting Hong Kong in enhancing the status as an international airline hub from the China government, and dovetailed with the business needs of the Hong Kong International Airport, which successfully completed the renovation and upgrade of the supervisory warehouse of Cathay Pacific America Line during the year, giving new impetus to the continuous deepening of the airport strategy.

Joint Ventures and Associates

The terminals in the Jiangmen region, including the Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and the Heshan County Hekong Associated Forwarding Co., Ltd., recorded a total container handling volume of 302,000 TEU, representing a year-on-year decrease of 8.5%; the break bulk cargoes handling volume recorded 512,000 tons, 4.2 times of the volume of previous year. During the year, the volume of break bulk cargoes handling at Sanbu Port recorded 159,000 tons, representing a significant year-on-year increase of 123.9%. On the foundation of properly serving existing clients in break bulk cargoes business for bulk-grain-and-food commodities, Sanbu Port successfully opened up waterway transportation channels for sand and gravel and anti-epidemic supplies to Hong Kong, and recorded a significant increase in break bulk cargoes handling volume. Meanwhile, Sanbu Port actively promoted the optimising and upgrading of its business structure and diversifying its business operation to enhance its competitiveness. Heshan Port recorded a break bulk cargo handling volume of 353,000 tons, representing 6.8 times of the volume of previous year. By optimising the loading and unloading conditions in the port area and vigorously expanding the break bulk cargoes business of building materials such as steel, sand and gravel, etc., Heshan Port achieved a huge breakthrough in the break bulk cargoes handling volume during the year. While consolidating the traditional container handling business, the port also strived to build a timber distribution base to diversify its business layout.

The terminal, namely Chu Kong Cargo Terminals (Beicun) Co., Ltd. in Foshan region recorded 35,000 TEU of container handling volume, representing a year-on-year decrease of 2.8%, while the break bulk cargoes handling volume recorded 414,000 tons, representing a year-on-year increase of 33.1%. During the year, Beicun Port seized the policy opportunity to deepen the interconnection of the international ports in the Guangdong-Hong Kong-Macao Greater Bay Area, and successfully opened the “Beicun-Shekou” composite port business. Through the modes such as chartered shipping transportation, direct loading at the port and linkage between domestic and foreign trade yards, the port provided personalised solutions of transportation and cargoes handling services according to customer needs, which achieved a record-high monthly handling volume of break bulk cargoes for export foreign trade. While resuming the operation of rice transshipment, the cargo source structure was also enriched to enhance the attractiveness of the business. Opened up a “Green Passages” for the transportation of anti-epidemic supplies to Hong Kong, providing a strong guarantee for the smooth logistics between Guangdong and Hong Kong during the epidemic and at the same time seizing business opportunities to increase revenue and generate profits. Due to the expropriations of the lands for wharves and buildings erected on the ground at Foshan New Port Limited, its operation was suspended with no operating activity during the period. Foshan Nankong Terminal Co., Ltd. terminated its operation due to the expiration of the operation period. All business operations of Foshan Sanshui Sangang Containers Wharf Co., Ltd. continued to be suspended under environmental protection policies and completed the company deregistration in February 2023.

II. PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

Indicators	For the year ended 31 December		
	Number of Passengers (in thousands)		
	2022	2021	Change
Number of passengers for agency services	127	104	22.1%
Number of passengers for terminal services	127	104	22.1%
Number of passengers for local ferry transportation (<i>Note</i>)	11,339	12,803	-11.4%

Subsidiaries

As at the end of 2022, most of the Group's cross-border waterway passenger terminals in Guangdong, Hong Kong and Macao were closed for the year due to the epidemic, only the one-way route from Shekou to the Hong Kong International Airport maintained limited service. Despite the near stagnation of the Group's cross-border passenger transportation business, CKPT still recorded an increase in business during the year, the total number of passengers for agency services and the number of passengers for terminal services was 127,000, both representing a year-on-year increase of 22.1%.

Regarding urban routes, in response to the epidemic control requirement of the Hong Kong government, the China Ferry Terminal and the Hong Kong Macau Ferry Terminal were closed at the end of January and early February 2020 respectively. In the extremely unfavourable market environment, CKPT successfully took over the ship agency business of China Merchant Xunlong Shipping for the Shenzhen-Hong Kong urban route and was awarded the independent passenger's shipping agency qualification by the Hong Kong Marine Department, thus achieving cost reduction and efficiency enhancement. In view of the cross-border travel demand of residents in the Guangdong-Hong Kong-Macao Greater Bay Area, it is expected that the Group's passenger transportation volume of the urban routes will increase upon the resumption of normal traveller clearance.

Subsidiaries (Continued)

Regarding airport routes, the number of passengers served during the year was 127,000, representing a year-on-year increase of 22.1%. Affected by the epidemic, all flights to and from the SkyPier at the Hong Kong International Airport and ports at the Pearl River Delta had been cancelled since late March 2020. Meanwhile, the route from Shekou to the Hong Kong International Airport resumed at the end of October 2020, maintaining the operation of three “sea to air” one-way voyages every day during the year. The Group actively implemented the innovative intermodal business model to enhance passenger travel experience, and enhance passenger travel choices by promoting the launching of new routes for the Hong Kong International Airport and the Shenzhen Airport. It is expected that the airport routes would create good benefits for the Group upon the resumption of normal traveller clearance.

Regarding local ferry services, the services were reduced and suspended for two months due to the fifth wave of the epidemic in Hong Kong, the passenger transportation volume of Sun Ferry Services Company Limited (“Sun Ferry”) decreased compared with the same period last year. During the period, the local ferry business recorded a total number of passengers of 11,339,000, representing a year-on-year decrease of 11.4%. Sun Ferry committed to enhancing service quality, optimising pier facilities, and improving passenger ferry ride experience, the non-farebox revenue was increased through the promotion of outlying island tourism and terminal leasing business. Sun Ferry earnestly promoted the bidding and the construction of the new environmentally friendly passenger ferries, actively cooperated with the Hong Kong government in promoting the construction of green city, and strengthened the business integration with other internal business segments to maximise synergy effect and bring a stable source of long-term profit to the Group.

Regarding water cultural tourism business, the Oriental Pearl sightseeing cruise, the “Orient Pearl”, was the first large-scale high-end cruise ship providing Victoria Harbour tour service in Hong Kong, which is a platform for water-based tourism and business activities with quality services. During the year, the cruise ship undertook festival-theme events such as the Hong Kong Federation of Press Associations’ 25th Anniversary Gala Dinner, the Hong Kong Tourism Industry Promotion Conference and exclusive interviews with management, etc., and continued to raise the brand awareness of “Orient Pearl” through various news media. On the basis of developing the commercial chartering services, the company actively carrying out the advertising and sponsoring campaigns on the cruise, and took multiple measures to generate income and profits. Moreover, the company continued to carry out the trial berthing training at Central Pier, and has now obtained the qualification for berthing at Central Pier No. 8. At the same time, the company completed the construction of box offices in the core area of Hong Kong and obtained the Hong Kong Travel Agency License, which creates favourable condition for the Group to accelerate the innovation and upgrade of water-based tourism projects and continue to deepen its strategy of Hong Kong. During the year, the company operated a total of 638 sailings with 37,000 passengers.

Subsidiaries (Continued)

During the year, the Group concentrated its superior resources and continued to deepen the service areas of the Hong Kong International Airport by actively participating in the bidding for new projects of the Hong Kong International Airport and stepping up efforts to develop the business of the Hong Kong International Airport. CKPT promoted the integration of the passenger transport business segment in an orderly manner, coordinated the optimisation of the layout of the passenger transportation terminals and make every effort to prepare the launching of the new routes between the Shenzhen Airport and the Hong Kong International Airport. Leveraging on the cooperation between airlines and airports to develop passenger sources and market promotion of the new routes, and further capturing the opportunities in the cross-border passenger transportation market in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group actively sought to connect aviation cooperation resources, effectively improved the service chain, and officially signed the code-sharing development and coordination agreement with Hong Kong Express, and completed the launching of the product as well. Moreover, the Group achieved the completion of code-sharing cooperation with the three major base airlines, Cathay Pacific, Hong Kong Airlines and Hong Kong Express. The previously won projects of the Hong Kong International Airport baggage handling service and apron car-sharing service maintained normal operations and gradually demonstrated the benefits of the projects despite the impact of the epidemic. CKPT's Airport Ferry Terminal won the bid for the project of passenger and baggage services in the transit terminal of the Hong Kong International Airport, and successfully secured a new two-year operating period for the SkyPier, which greatly enriched the service scope of the SkyPier from the “sea-air intermodal” to “sea-land-air intermodal”. Passengers can directly arrive at the restricted area of the Hong Kong International Airport by high-speed passenger vessels or buses without having to go through the Hong Kong immigration procedures which enhances the convenience of the travellers. The Group had taken a number of measures to minimise the operational risks arising from the epidemic.

Joint Ventures and Associates

During the year, benefited from the growth in passenger volume of the Shekou to the Hong Kong International Airport route, the number of passengers served by SkyPier amounted to 127,000, representing a year-on-year increase of 22.1%. Hong Kong Passenger Shipping Co-op Co., Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. were still suspended across the board due to the epidemic control requirement.

During the year, the shuttle bus business volume for the Hong Kong-Zhuhai-Macao Bridge which jointly operated by Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd., an associate of the Group increased, it achieved a passenger volume of 274,000 passengers during the period, representing a significant year-on-year increase of 95.7%.

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”) actively developed its business in the unfavourable environment of the epidemic, and achieved growth in sales volume of both diesel and engine oil during the year, turning a loss into a profit against the odds. During the year, Sun Kong Petroleum recorded a sales volume of 34,000 tons for diesel, representing a year-on-year increase of 17.2%, and a sales volume of 590,000 litres for engine oil, representing a year-on-year increase of 7.9%. During the year, Sun Kong Petroleum successfully renewed the annual license for the China Hong Kong City Oil Supply System, which ensures the continuity of its original business. At the same time, it successfully developed the business in the storage and operation of Castrol’s lubricant, which effectively enhances its profitability, and brings it to be one of the top three engine oil operators in Hong Kong, which in turn further consolidates its market position. In the future, Sun Kong Petroleum will continue to make use of the scarce local water refueling buoyancy resources in Hong Kong, actively expand government service projects and negotiate with brand owners, and continuously expand products’ service scope and agency varieties. At the same time, the construction of bunkering vessel will be implemented to ensure on-time delivery and meet the anticipated growth in capacity demand.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, Chu Ou Engineering and Technologies Company Limited (“Chu Ou Engineering”), whose main business is maintenance and repair of property facilities, renewed the Sands Group Water Supply Pipeline Project during the year successfully, which continued to be profitable. Chu Ou Engineering will continue to give full play to its technological advantages, on the basis of strengthening its existing business, it will pay close attention to the bidding projects of various government departments and enterprises in Macao, actively explore new long-term and stable projects, and strive to strengthen the core competitiveness.

During the year, attributable to its professional strength and innovation capability, Guangdong Digital Port & Shipping Technology Co., Ltd (“Digital Port & Shipping Technology”), was recognised as an “Innovative Small and Medium Enterprise of Guangdong Province in 2022”. In the future, Digital Port & Shipping Technology will continue to explore the field of navigation informatisation in depth, continuously improve its professionalism and technological innovation, and promote the Group in achieving the digital transformation.

During the year, the businesses of other subsidiaries, joint ventures and associates of the Group progressed well.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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.

The Group closely monitored its working capital and financial resources to maintain a solid financial position. As at 31 December 2022, the Group secured a total credit facilities of HK\$1,185,000,000 and RMB148,610,000 (equivalent to approximately HK\$166,361,000) (2021: HK\$1,285,000,000 and RMB161,750,000 (equivalent to approximately HK\$197,835,000)) granted by bona fide banks.

As at 31 December 2022, the current ratio of the Group, calculated by dividing current assets by current liabilities, was 1.8 (2021: 1.8).

As at 31 December 2022, the Group's bank deposits and cash and cash equivalents amounted to HK\$1,063,573,000 (2021: HK\$1,045,089,000), which represented 23.3% (2021: 22.2%) of the total assets.

As at 31 December 2022, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 10.0% (2021: 11.2%) and the debt ratio, representing total liabilities divided by total assets, was 23.5% (2021: 24.4%).

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

During the year, except fuel price swap contracts are used to hedge against fuel price rises for the local ferry transportation business, the Group did not use any other financial instruments for hedging purpose.

BANK LOANS AND PLEDGE OF ASSETS

<u>Bank Loans</u>	<u>As at 31 December 2022</u>	<u>As at 31 December 2021</u>
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	220,000,000	250,000,000
Bank located in China (Note 2)		
- Renminbi	148,605,000	161,750,000
	(equivalent to	(equivalent to
	approximately	approximately
	HK\$166,355,000)	HK\$197,835,000)

Note:

1. The loans from banks located in Hong Kong in 2022 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in 2021 Annual Report.
2. The loans from banks located in China in 2022 borne floating interest rate and were secured by the land use right of Zhongshan Huangpu Port and certain properties and the land use right of Civet Port. The relevant terms of which are identical with those set out in 2021 Annual Report.

CURRENCY STRUCTURE

As at 31 December 2022, the Group deposited its cash and cash equivalents with several reputable banks, mainly of which were denominated in Hong Kong dollar and Renminbi with some in United States dollar and a small amount in Macao pataca and in Euro.

CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 31 December 2022 were HK\$9,901,000 (2021: HK\$75,653,000)

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

SIGNIFICANT INVESTMENT

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

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities (2021: Nil).

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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed in this announcement, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the year.

EXCHANGE RISK

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

ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTIONS 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 (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct of Directors for conducting securities transactions. All Directors have confirmed, following specific enquiry of all Directors that they have fully complied with the required standards set out in the Model Code in relation to such transactions during the accounting period covered by this announcement.

PUBLICATION OF RESULTS ON THE WEBSITES

The annual report of the Company for the year ended 31 December 2022 (the “2022 Annual Report”) containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”) (the “Listing Rules”) will be published on the websites of the SEHK and the Company (www.cksd.com) in due course.

ANNUAL GENERAL MEETING OF THE COMPANY (“AGM”)

The AGM is to be held on 21 June 2023 (Wednesday) and the notice of the AGM will be published and despatched to the shareholders of the Company (the “Shareholders”) with the prescribed time and in such manner as required by the Listing Rules.

FINAL AND SPECIAL DIVIDENDS

The directors of the Company (the “Directors”) have not declared an interim dividend during the year (2021: nil). The Directors have proposed a final dividend of HK4 cents (2021: HK2 cents) per ordinary share, totaling HK\$44,847,000 (2021: HK\$22,423,000) and a special dividend of HK2 cents per ordinary share, totaling HK\$22,423,000 (2021 special dividend: nil) so as to celebrate the 25th public listing anniversary of the Company for the year ended 31 December 2022 to Shareholders whose names appeared on the register of members on 30 June 2023. The final dividend is expected to be paid in cash.

CLOSURE OF REGISTER MEMBERS

The register of members of the Company will be closed from 15 June 2023 (Thursday) to 21 June 2023 (Wednesday), during which no transfer of shares will be effected. In order to ascertain shareholders’ rights for the purpose of attending and voting at the AGM to be held on 21 June 2023 (Wednesday), all transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Share Registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on 14 June 2023 (Wednesday) for registration.

The register of members of the Company will be closed from 28 June 2023 (Wednesday) to 30 June 2023 (Friday), both dates inclusive, during which no transfer of shares will be effected for the purpose of ascertaining the Shareholders entitled to the final dividend for the year ended 31 December 2022 to be approved at the AGM. In order to qualify for the final dividend for the year ended 31 December 2022, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Share Registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on 27 June 2023 (Tuesday) for registration. The dividend warrants for the cash dividends are expected to be sent by ordinary mail to the Shareholders at their own risk on or around 20 July 2023 (Thursday).

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed the accounting policies and principles adopted by the Group with the management, and discussed the relevant matters such as auditing, internal controls and financial reporting. The annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Directors have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the “Code”) under Appendix 14 to the Listing Rules. Save as disclosed below, the Directors consider that the Company has fully complied with the Code for the year ended 31 December 2022.

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 (“Mr. Chan”), Ms. Yau Lai Man (“Ms. Yau”) and Mr. Chow Bing Sing (“Mr. Chow”) have served as independent non-executive Directors for over nine years. During their years of service with the Company, Mr. Chan, Ms. Yau and Mr. Chow have contributed by providing independent viewpoints and advice to the Company in relation to its businesses, operations, future development and strategy. The Board considers that Mr. Chan, Ms. Yau and Mr. Chow have the character, integrity, ability and experience to continue to fulfill his/her role as required effectively. The nomination committee of the Company, having separately assessed and reviewed each of Mr. Chan’s, Ms. Yau’s and Mr. Chow’s duties, contributions and scope of work, also believes that Mr. Chan, Ms. Yau and Mr. Chow 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 Provision B.2.3, 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. Ms. Yau retired on rotation at the annual general meeting held on 31 May 2022, and being eligible, offered herself for re-election at the said meeting. Ms. Yau had already been re-appointed by separate resolution of the Shareholders at the said meeting.

In accordance with Article 88(i) of the Articles of Association of the Company, Mr. Chan and Mr. Chow, the independent non-executive Directors, will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. Mr. Chan and Mr. Chow will be re-appointed by separate resolutions of the Shareholders at the said meeting.

In addition, pursuant to Provision B.2.4(b), if all the independent non-executive Directors have served on the Board for more than nine years, a new independent non-executive directors should be appointed at the forthcoming annual general meeting. The Company is in the course of seeking a suitable candidate and expects a new independent non-executive Director will be appointed at the forthcoming annual general meeting to satisfy the code provision.

Further details on the corporate governance of the Company will be published in the 2022 Annual Report.

DIRECTORS

The Company is not aware of any change in the information of Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since 30 June 2022.

As at the date of this announcement, the executive Directors are Mr. Liu Guanghui, Mr. Zhou Jun and Mr. Liu Wuwei; non-executive Director is Ms. Zhong Yan; and independent non-executive Directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

By Order of the Board
Zhou Jun
Managing Director

Hong Kong, 24 March 2023