珠江船務企業(股份)有限公司
Chu Kong Shipping Enterprises (Group) Co., Ltd.
（Incorporate in Hong Kong with limited liability）
(Stock Code：00560)

ANNOUNCEMENT OF 2019 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

On behalf of the board of the directors of the Company (the "Board"), 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 2019 to the shareholders. The Group recorded a consolidated revenue of HK$2,147,876,000 (2018: HK$2,404,496,000), representing a decrease of 10.7% as compared with last year. Profit attributable to the shareholders of the Company amounted to HK$214,078,000 (2018: HK$226,072,000), representing a decrease of 5.3% as compared with last year.

REVIEW

In 2019, capricious Sino-US trade friction, instable global financial markets and the escalating geopolitical tensions challenged the global economy and slowed down the recovery of shipping industries. Being affected by various negative factors, the container throughput of Hong Kong port decreased by 6.6% year on year. The social instability in Hong Kong severely impacted the tourism industry, there was an obvious decline of the visitors from the Mainland China starting from July 2019. Also, the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge in 2018, as well as the opening of the Nansha Bridge in 2019, have significant and negative impacts to the high-speed waterway passenger transportation business in Guangdong, Hong Kong and Macao of the Group. Facing incremental challenges, the Group has proactively merged itself into the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area and highly leveraging on the "five platforms", namely cross-border passenger transportation, Hong Kong local transportation, terminal logistics, "Belt and Road" investment and capital operation, and by making concerted efforts to exploit the "five growth drivers", namely the Greater Bay Area airports, the Hong Kong-Zhuhai-Macao Bridge, development of Nansha, cross-border e-commerce and overseas investment. Meanwhile, the Group stabilised the business and operation by optimising routes and sailings, adjusting the deployment of terminals, exploring new business opportunities and implementing costs reduction and improving efficiency.

Regarding the cross-border passenger transportation business, in response to the market condition and demand, the Group took a series of effective measures to optimise the route between Guangdong and Hong Kong by increasing the sails between Guangzhou Nansha and Hong Kong urban area and the Hong Kong International Airport to 18 sails as well as extended the service hours of the sails between Zhuhai and Hong Kong. The Group assisted the ship owners to invest in three new high-speed ferries and lease ferries so as to tackle the shortfall of transportation capacity and ensure normal operation of the routes. By launching various packages with flexible fares and providing concessions as well as strengthening the advertisement and promotions, the Group made great effort to explore high-end passenger source of waterway route between Mainland China and the Hong Kong International Airport.

Regarding terminal logistics business, the Group proactively adopted innovative business mode for terminals and successfully expanded a number of growing businesses. While strengthening the import and export container services, the Group also enhanced domestic container services, leading to a significant increase in domestic container handling volume annually. New cargo sources were successfully introduced to a number of terminals so as to achieve a diversified business development. The strategic co-operation between the Group and the China Railway Guangzhou Group Co., Ltd. boosted the rail-water union transportation business under its cargo terminals, of which Zhaoqing New Port, Gaoming Port and Sanbu Port had been launched successfully.

Regarding Hong Kong local transportation and complementary business, the Group comprehensively pushed forward its airport strategy. Chu Kong Passenger Transport Company Limited ("CKPT"), a subsidiary of the Group, successfully won the bid for the baggage self-service consignment project of the Hong Kong International Airport; Hong Kong International Airport Ferry Terminal Services Limited, which was held by the Group, successfully won the bid for the new business license for the SkyPier. CKPT proactively carried out the passenger terminal business for the Hong Kong International Airport within the Guangdong-Hong Kong-Macao Greater Bay Area service area. CKPT entered into framework agreement for the route cooperation with Sunwah Group in order to jointly promote the launch of waterway passenger transportation route connecting Huangpu, Guangzhou, the Hong Kong International Airport and Hong Kong urban areas. Chu Kong Transhipment & Logistics Company Limited ("CKTL"), a subsidiary of the Group, started the business of supplying sand and was qualified as an oversea sand supplier for the Third Runway project of the Hong Kong International Airport. The new quay and the container yard of Tuen Mun Godown Wharf were put into operation and the construction of new warehouse project had commenced. The infrastructure of the terminal was expected to finish by 2020. Sun Kong Petroleum Company Limited ("Sun Kong Petroleum"), a subsidiary of the Group, actively expanded the marine lubricant transportation business, and introduced two lubricant suppliers to provide them comprehensive wharf handling, warehousing, land and sea transportation logistic chain services. Through promoting the brand by service enhancement, it consolidated the existing business and explored new customer groups which established new business growth drivers.

Regarding the investment of "Belt and Road", the Group proactively extended the Southeast-Asian logistic network to Vietnam, and continued to keep a close eye on the potential acquisition opportunities in countries such as Philippines, Thailand, Singapore, etc.

While successfully expanding a number of major projects, the Group also implemented strict control over operational costs, revitalised assets and optimised resource allocation.

OUTLOOK

In 2020, the global economy is expected to recover slowly due to the ease of Sino-US trade frictions, however, the global outbreak of COVID-19 and uncertainties in Hong Kong social environment will further hit the navigation and tourism industry. The business of the Group will encounter a lot of pressure and persistent negative impact. As a navigation enterprise focusing on the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will persistently drive forward the “Second Venture” strategy and exploit business and investment opportunities in the development of the Guangdong-Hong Kong-Macao Greater Bay Area so as to transform and upgrade the core business with sustainable growth.

Firstly, the Group will implement cost reduction and enhance the effectiveness. It will adjust the business development strategy and dispose those assets that could not be revitalised, with low effectiveness and poor prospects.

Secondly, the Group will boost the core business. It will further innovate the marketing mode of its passenger transportation business, explore the school and community market; optimise the routes and sailings, replicate and promote the “air-sea passenger union transportation” mode as well as establish new routes between the Greater Bay Area, the Hong Kong International Airport and the Hong Kong urban areas. The Group will also further develop the integrated logistics and extend the service chain as well as boost both domestic and foreign trade container transportation services, rail-water union transportation business, and contract logistics.

Thirdly, the Group will accelerate the transformation and upgrade of the business. It will expedite the airport strategy persistently by expanding the related businesses for the Hong Kong International Airport and enhancing the capability of sand supply for the Third Runway of the Hong Kong International Airport. Also, it will boost the investment in warehousing business, ensure the new Tuen Mun Godown Wharf to be completed as planned and transform the Tuen Mun warehouse towards high yield goods. Moreover, the Zhuhai Civet Port will be built as a logistic center of frozen food in Zhuhai Gongbei District. By leveraging on the Group’s warehouse resources, the Group will develop the Greater Bay air cargo logistic business as well as the cross-border e-commerce by connecting the airports in Guangzhou, Shenzhen and Hong Kong as an international airport hub. The Group will increase the pace of outbound investments and enlarge the investment in Hong Kong local passenger transportation business with an aim to build a local waterway transportation platform in Hong Kong. An outbound investment platform will be set up in Singapore in an attempt to acquire the warehouse logistic and passenger transportation business in countries associated with the “Belt and Road” initiatives.

Fourthly, the Group will strengthen the capital operation. It will explore the acquisition or swapping quality business from the substantial shareholder as well as seeking for external acquisition opportunities in order to optimise the business structure and improve the profitability. The Group will also continue to make stable dividend payouts and increase its enterprise value.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all of our investors and business partners who have shown tremendous support to the Group, as well as to our management and staff who have worked hard to strive toward better results for the Group. We are "Committed to The Guangdong-Hong Kong-Macao Area, Setting Sail for The New Silk Road" as we strive to create value for shareholders, and make further contributions toward the prosperity of Guangdong, Hong Kong and Macao.

Huang Liezhang
Chairman

Hong Kong, 26th March 2020

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the consolidated results of the Group for the year ended 31st December 2019, together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*4*	**2,147,876**	2,404,496
Cost of sales/services rendered	*7*	**(1,844,009)**	(2,004,387)
Gross profit		**303,867**	400,109
Other income		**56,298**	45,106
Other gains, net	*8*	**51,159**	46,749
General and administrative expenses	*7*	**(296,397)**	(311,196)
Operating profit		**114,927**	180,768
Finance income		**26,755**	20,852
Finance cost		**(12,402)**	(8,488)
Share of profits less losses of :			
- Joint ventures		**130,443**	55,946
- Associates		**6,760**	14,604
Profit before income tax		**266,483**	263,682
Income tax expense	*9*	**(34,335)**	(41,127)
Profit for the year		**232,148**	222,555
Attributable to:			
Equity holders of the Company		**214,078**	226,072
Non-controlling interests		**18,070**	(3,517)
		232,148	222,555
Earnings per share (HK cents)	*11*		
Basic		**19.09**	20.35
Diluted		**19.09**	20.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**232,148**	222,555
Other comprehensive loss:		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Release of currency translation differences upon disposal of subsidiaries, joint ventures and an associate	**-**	(15,689)
Currency translation differences		
- Subsidiaries	**(32,479)**	(68,740)
- Joint ventures and associates	**(12,539)**	(22,775)
Other comprehensive loss for the year	**(45,018)**	(107,204)
Total comprehensive income for the year	**187,130**	115,351
Attributable to:		
Equity holders of the Company	**171,893**	126,539
Non-controlling interests	**15,237**	(11,188)
	187,130	115,351

Note: The Group has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,733,898**	1,664,039
Investment properties		**33,593**	4,658
Land use rights		**385,927**	409,130
Intangible assets		**43,612**	44,112
Investments in joint ventures		**387,006**	414,379
Investments in associates		**114,198**	137,823
Deposits		**-**	4,778
Deferred income tax assets		**4,494**	4,840
		2,702,728	2,683,759
Current assets			
Inventories		**1,814**	1,265
Trade and other receivables	*5*	**386,211**	407,301
Loans to joint ventures and fellow subsidiaries		**4,465**	13,189
Structured bank deposits		**409,441**	320,703
Cash and cash equivalents		**869,271**	905,330
		1,671,202	1,647,788
Total assets		**4,373,930**	4,331,547
EQUITY			
Share capital		**1,415,118**	1,415,118
Reserves		**1,734,922**	1,663,934
		3,150,040	3,079,052
Non-controlling interests		**297,047**	287,410
Total equity		**3,447,087**	3,366,462

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AS AT 31ST DECEMBER 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**82,739**	85,141
Deferred income		**6,438**	10,064
Lease liabilities		**32,171**	-
Long term borrowings		**140,696**	159,011
		262,044	254,216
Current liabilities			
Trade payables, accruals and other payables	*6*	**494,333**	515,308
Loan from a third party		**-**	1,004
Amounts due to the non-controlling interests		**77,939**	82,145
Income tax payables		**20,438**	8,429
Lease liabilities		**18,193**	-
Short term borrowings		**50,000**	-
Current portion of long term borrowings		**3,896**	103,983
		664,799	710,869
Total liabilities		**926,843**	965,085
Total equity and liabilities		**4,373,930**	4,331,547
Net current assets		**1,006,403**	936,919
Total assets less current liabilities		**3,709,131**	3,620,678

Note: The Group has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

NOTES:

1. Statement of compliance

The financial information relating to the years ended 31st December 2019 and 2018 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 31st December 2018 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 31st December 2019 in due course.

The predecessor auditor, PricewaterhouseCoopers, has expressed an unqualified opinion on the financial statements for the year ended 31st December 2018 in its report dated 27th March 2019, and its report did not include a reference to any matters to which the predecessor auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 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 31st December 2019 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's consolidated financial statements for the year. 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 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"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure 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 a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results 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.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases - incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

3. Principal accounting policies *(Continued)*

(i) Changes in accounting policies *(Continued)*

HKFRS 16, *Leases* *(Continued)*

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1st January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1st January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1st January 2019. For contracts entered into before 1st January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

3. Principal accounting policies *(Continued)*

(i) Changes in accounting policies *(Continued)*

HKFRS 16, *Leases* *(Continued)*

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1st January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1st January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3% for leases denominated in Hong Kong Dollar and 5% for leases denominated in Renminbi.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31st December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

3. Principal accounting policies *(Continued)*

(i) Changes in accounting policies *(Continued)*

HKFRS 16, *Lease* *(Continued)*

(b) Lessee accounting and transitional impact *(Continued)*

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31st December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31st December 2018 to the opening balance for lease liabilities recognised as at 1st January 2019:

	As at 1st January 2019 HK$'000
Operating lease commitments at 31st December 2018	77,526
Less: commitments relating to leases exempt from capitalisation	
- short-term leases and other leases with remaining lease term ending on or before 31st December 2019	(21,360)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	8,279
	64,445
Less: total future interest expenses	(3,256)
Total lease liabilities recognised at 1st January 2019	61,189

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31st December 2018.

3. Principal accounting policies *(Continued)*

(i) Changes in accounting policies *(Continued)*

HKFRS 16, *Lease* *(Continued)*

(c) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1st January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

(d) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not leave a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties,* to account for all of its leasehold properties that were held for investment purposes as at 31st December 2018. Consequentially, these leasehold investment properties continue to be carried at cost less accumulated depreciation and impairment losses.

3. Principal accounting policies *(Continued)*

(i) Changes in accounting policies *(Continued)*

HKFRS 16, *Lease* *(Continued)*

(e) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31st December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31st December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1st January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1st January 2020

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 sales from cargo transportation, cargo handling and storage, passenger transportation, fuel supply, and corporate and other businesses.

	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Cargo transportation	**1,235,498**	1,284,378
Cargo handling and storage	**297,534**	297,478
Passenger transportation	**116,541**	198,513
Fuel supply	**479,403**	608,453
Corporate and other businesses	**18,900**	15,674
	2,147,876	2,404,496

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 transhipment 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

(iv) Fuel supply – Oil trading and marine bunkering service

(v) Corporate and other businesses – Investment holding and ferry terminal management services

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 31st December 2019						
Total revenue	1,337,079	445,675	116,541	536,870	39,527	2,475,692
Inter-segment revenue	(101,581)	(148,141)	-	(57,467)	(20,627)	(327,816)
Revenue (from external customers)	1,235,498	297,534	116,541	479,403	18,900	2,147,876
Timing of revenue recognition						
At a point in time	-	-	34,155	479,403	1,623	515,181
Over time	1,235,498	297,534	82,386	-	17,277	1,632,695
	1,235,498	297,534	116,541	479,403	18,900	2,147,876
Segment profit before income tax expense	28,326	135,682	32,323	14,376	55,776	266,483
Income tax expense	(2,795)	(11,687)	(2,708)	(1,778)	(15,367)	(34,335)
Segment profit after income tax expense	25,531	123,995	29,615	12,598	40,409	232,148
Segment profit before income tax expense includes:						
Finance income	1,559	1,851	1,069	424	21,852	26,755
Finance cost	(110)	(8,607)	(423)	(34)	(3,228)	(12,402)
Depreciation and amortisation	(14,475)	(103,475)	(3,555)	(2,916)	(8,306)	(132,727)
Share of profits less losses of:						
Joint ventures	2,167	108,593	19,683	-	-	130,443
Associates	-	4,643	2,117	-	-	6,760
Gain on disposal of owner-occupied property	-	-	-	-	55,751	55,751

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 31st December 2018						
Total revenue	1,392,474	484,280	198,513	661,900	35,982	2,773,149
Inter-segment revenue	(108,096)	(186,802)	-	(53,447)	(20,308)	(368,653)
Revenue (from external customers)	1,284,378	297,478	198,513	608,453	15,674	2,404,496
Timing of revenue recognition						
At a point in time	-	-	52,324	608,453	1,684	662,461
Over time	1,284,378	297,478	146,189	-	13,990	1,742,035
	1,284,378	297,478	198,513	608,453	15,674	2,404,496
Segment profit before income tax expense	51,808	57,040	135,806	14,472	4,556	263,682
Income tax expense	(4,910)	(12,692)	(12,191)	(2,626)	(8,708)	(41,127)
Segment profit after income tax expense	46,898	44,348	123,615	11,846	(4,152)	222,555
Segment profit before income tax expense includes:						
Finance income	749	2,050	1,068	5	16,980	20,852
Finance cost	-	(7,845)	-	-	(643)	(8,488)
Depreciation and amortisation	(6,997)	(90,994)	(117)	(2,279)	(4,675)	(105,062)
Share of profits less losses of:						
Joint ventures	3,808	5,886	44,820	-	1,432	55,946
Associates	-	4,183	10,421	-	-	14,604
Gain/(loss) on disposal of subsidiaries	39,116	14,786	-	-	(111)	53,791

Note: The Group has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

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 31st December 2019							
Total segment assets	679,314	2,582,488	654,733	165,817	1,902,190	(1,610,612)	4,373,930
Total segment assets include:							
Joint ventures	32,881	131,938	222,187	-	-	-	387,006
Associates	-	37,939	76,259	-	-	-	114,198
Additions to non-current assets (excluding deferred income tax assets)	42,425	162,100	29,095	1,743	20,787	-	256,150
Total segment liabilities	(550,321)	(752,312)	(178,055)	(66,997)	(989,770)	1,610,612	(926,843)

4. Revenue and segment information *(Continued)*

	Cargo Transportation	Cargo handling and storage	Passenger transportation	Fuel supply	Corporate and other businesses	Inter segment elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December 2018							
Total segment assets	529,469	2,587,362	722,443	156,848	1,910,968	(1,575,543)	4,331,547
Total segment assets include:							
Joint ventures	31,152	153,996	229,231	-	-	-	414,379
Associates	-	51,458	86,365	-	-	-	137,823
Additions to non-current assets (excluding deferred income tax assets)	1,030	145,554	22,710	1,124	3,455	-	173,873
Total segment liabilities	(490,335)	(982,182)	(159,070)	(58,434)	(850,607)	1,575,543	(965,085)

Note: The Group has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

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:

	2019	2018
	HK$'000	HK$'000
Non-current assets excluding joint ventures and associates and deferred income tax assets		
Hong Kong	**858,123**	787,568
Mainland China	**1,338,907**	1,339,149
	2,197,030	2,126,717
Joint ventures and associates		
Hong Kong	**68,274**	61,632
Singapore	**12,992**	11,436
Mainland China	**419,938**	479,134
	501,204	552,202
Deferred income tax assets	**4,494**	4,840
	2,702,728	2,683,759

Note: The Group has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

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:

	2019	2018
	HK$'000	HK$'000
Within 3 months	**230,659**	217,763
4 to 6 months	**13,972**	24,540
7 to 12 months	**5,292**	2,929
Over 12 months	**4,596**	7,788
	254,519	253,020
Less: loss allowance recognised	**(4,952)**	(4,795)
	249,567	248,225

6. Trade payables, accruals and other payables

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

	2019	2018
	HK$'000	HK$'000
Within 3 months	**261,082**	269,840
4 to 6 months	**56**	23
7 to 12 months	**306**	225
Over 12 months	**1,650**	1,168
	263,094	271,256

7. Costs and expenses by nature

	2019	2018
	HK$'000	HK$'000
Amortisation of land use rights	**11,465**	11,119
Depreciation of property, plant and equipment	**119,667**	92,738
Depreciation of investment properties	**303**	57
Depreciation of intangible assets	**1,292**	1,148
Operating lease rental expenses		
- vessels and barges	**131,787**	150,123
- buildings	**7,287**	25,839
- properties that generated rental income	**-**	5,000
Staff costs (including directors' emoluments)	**379,493**	385,033

8. Other gains, net

	2019	2018
	HK$'000	HK$'000
Exchange losses, net	**(2,830)**	(9,339)
Gain on disposal of subsidiaries, net	**-**	53,791
Gain on disposal of interests in joint ventures and an associate, net	**-**	2,156
Impairment loss of property, plant and equipment	**(2,388)**	-
Loss on write-off of property, plant and equipment	**-**	(142)
Gain on disposals of property, plant and equipment (note)	**56,340**	25
Reversal for impairment of trade receivables, net	**37**	258
	51,159	46,749

Note:

The gain on disposal of property, plant and equipment mainly included the disposal of 23/F of Chu Kong Shipping Tower, an owner-occupied property with a carrying amount of HK$4,649,000 at the date of disposal, at a consideration of HK$60,400,000 to Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), the immediate holding company. The gain on disposal was approximately HK$55,751,000.

9. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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% (2018: 25%). Macau profits tax has been provided at the rate of 12% (2018: 12%) on the estimated assessable profit for the year.

	2019	2018
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**9,992**	20,589
- PRC corporate income tax	**9,787**	14,200
- Macau profits tax	**1,819**	2,681
- (Over) / under provision in prior years	**(353)**	1,496
Deferred income tax expense	**13,090**	2,161
	34,335	41,127

10. Dividends

On 26th March 2020, the board of directors resolve to propose a final dividend of HK3 cents per ordinary share for 2019 (2018: HK6 cents per ordinary share). This proposed dividend is not reflected as a dividend payable in these financial statements. The total dividends paid by the Company, including the final dividend for the year 2018 and the interim dividends for the year 2019, amounting to HK$100,905,000 (2018: HK$88,729,000).

	2019	2018
	HK$'000	HK$'000
Interim, paid, of HK3 cents (2018: HK3 cents) per ordinary share	**33,635**	33,635
Final, proposed, of HK3cents (2018: HK6 cents) per ordinary share	**33,635**	67,270
	67,270	100,905

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.

	2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**214,078**	226,072
Weighted average number of ordinary shares in issue ('000)	**1,121,167**	1,110,710
Basic earnings per share (HK cents)	**19.09**	20.35

Diluted

The potential ordinary shares in respect of the Company's share options were anti-dilutive for the year ended 31st December 2019. The basic earnings per share for the year ended 31st December 2019 was equal to the diluted earnings per share.

Diluted earnings per share for the years ended 31st December 2019 and 2018 were 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.

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 31st December 2019, the Group recorded a consolidated revenue of HK$2,147,876,000, representing a decrease of 10.7% over the same period last year. Profit attributable to the shareholders of the Company amounted to HK$214,078,000, representing a decrease of 5.3% over the same period last year.

The international trade and navigation market faced a harsh blow in 2019 due to the continued slowdown of the global economy, weakening manufacturing industry momentum, the unconcluded Sino-US trade negotiation and the slowdown of economic growth in Mainland China. Meanwhile, the number of visitors to Hong Kong reduced largely due to continuous social unrest. The Group witnessed decrease in some indicators of its terminal navigation logistics business and a significant decrease in its high-speed waterway passenger transportation business which was under pressure due to the gradual improvement of the cross-border road-bridge-rail transportation network. In face of the challenging environment, the Group made vigorous efforts to implement its strategy transition and took a series of measures including enhancing connection and cooperation with peers in the industry, expediting the transformation and upgrade of the logistics business segment, promoting the diversified development of the port and wharf business and optimising the passenger transportation route services to cope with the unfavorable operation environment.

Regarding the freight business, the Group is at full strength building a new supply chain operation platform to align with the Guangdong-Hong Kong-Macao Greater Bay Area Strategy, launching the rail-water union transportation mode, increasing the cargo source by developing both domestic and foreign trade and expediting the construction of professional and featured ports and wharves to increase profit sources. During the year, the container transportation volume reached 1,422,000 TEU, representing a year-on-year decrease of 7.1%, while break bulk cargo transportation volume reached 566,000 tons, representing a year-on-year increase of 31.6%. As for the cargo handling business, the container handling volume reached 1,125,000 TEU, representing a year-on-year decrease of 6.6%, while the break bulk cargo handling volume reached 8,009,000 tons, representing a year-on-year increase of 133.8%, and the container hauling and trucking volume amounted to 219,000 TEU, representing a year-on-year decrease of 2.2%.

Regarding the passenger transportation business, being directly impacted by several negative factors such as the gradual improvement of the land transportation system in the Guangdong-Hong Kong-Macao Greater Bay Area and the large reduction in the number of visitors to Hong Kong, the passenger transportation indicators recorded noticeable decreases. During the year, the total number of passengers for agency services was 4,339,000, representing a year-on-year decrease of 34.0%. The number of passengers for terminal services was 4,102,000, representing a year-on-year decrease of 34.0%.

The terminal navigation logistics business contributed a profit of HK$149,526,000 to the Group, representing an increase of 63.9% as compared with HK$91,246,000 of the corresponding period last year. The passenger transportation business contributed a profit of HK$29,615,000 to the Group, representing a decrease of 76.0% as compared with HK$123,615,000 of the corresponding period last year. The fuel supply business contributed a profit of HK$12,598,000 to the Group, representing an increase of 6.3% as compared with HK$11,846,000 of the corresponding period last year.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

1. Cargo Transportation Business

Business Operation Indicators

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

	For the year ended 31st December		
Indicators	**2019**	2018	Change
Container transportation volume (TEU)	**1,422,000**	1,530,000	-7.1%
Break bulk cargoes transportation volume (revenue tons)	**566,000**	430,000	31.6%
Volume of container hauling and trucking on land (TEU)	**219,000**	224,000	-2.2%

Subsidiaries

During the year, the business of CKTL was affected by the closure of Foshan New Port Ltd. and the container factory at Machong. The container transportation volume for the year recorded 1,422,000 TEU, representing a year-on-year decrease of 7.1%. Benefiting from the new sand transportation business for the airport reclamation project, the break bulk cargo transportation volume for the year reached 566,000 tons, representing a year-on-year increase of 31.6%.

CKTL took measures to optimise operation process, accelerate the replacement of vessels, assist the setup of designated ports and wharves as professional and featured ones, jointly develop 'port-to-port' express settlement services with Hong Kong Kwai Tsing Container Terminals, such as 'Gaoming Port - HIT' and 'Shunde - HIT' routes, establish the domestic trade forwarding department, promote the development of new business at each terminal and diversify the cargo portfolio. Meanwhile, CKTL enhanced cooperation with the Hong Kong International Airport, expanded its air freight and freight forwarding business and won the bid for the sand transportation for the Third Runway project of the Hong Kong International Airport. Furthermore, CKTL has reached the intention with a number of large paper recycling companies in Hong Kong, in an effort to expand into the container transportation market for transporting waste paper to the PRC. Regarding the freight forwarding business, CKTL expedited the process of oversea market expansion. Its Thailand branch started operation in April 2019 and recognised monthly profit in September 2019. To further enhance the business network in the ASEAN region, CKTL plans to set up a branch in Vietnam.

Subsidiaries *(Continued)*

Regarding the air freight business, CKTL recorded a year-on-year decrease of 21.1% in air cargo transportation volume during the year. CKTL expanded the air freight business by looking for innovative development projects related to with the “The Airport Economy” and “The Bridge Economy". Apart from establishing the e-commerce business department focusing mainly on developing e-commerce logistics and related businesses, CKTL also explored the introduction of strategic partnerships with experienced and resourceful corporations to further expand its air freight business. Meanwhile, Tuen Mun Godown Wharfs obtained the qualification to conduct the X-ray inspection business of air freight cargo in Hong Kong and is scheduled to commence operation in 2020. Its business is mainly X-ray machine inspection, complement with air cargo palletisation and land-based surveillance distribution to meet the demand of CKTL's existing customers.

2. Cargo Handling and Storage Business

Business Operation Indicators

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

	For the year ended 31st December		
Indicators	**2019**	2018	Change
Container handling volume (TEU)	**1,125,000**	1,205,000	-6.6%
Volume of break bulk cargoes handled (revenue tons)	**8,009,000**	3,426,000	133.8%

Subsidiaries

During the year, despite the overall decrease in the container handling volume, each subsidiary of the Group still strived to explore and develop various new businesses to eliminate the significant negative impacts such as tightened policies on the import of renewable resources in Mainland China, weak foreign trade market and the Sino-US trade war. Meanwhile, the Group stepped up to promote the water-rail union transportation business by setting up "trackless railway stations" at ports, providing one-stop water transportation and rail transportation services. The new transportation mode connected the Pearl River water transport network with the national rail network.

The subsidiaries located in Zhaoqing region have proactively transformed by adjusting their business structures and achieved substantial progress in the break bulk cargo handling business. The overall break bulk cargo handling volume in Zhaoqing region amounted to 6,936,000 tons, representing a year-on-year increase of 177.0%. Impacted by regional environmental issues and the Sino-US trade friction, the overall container handling volume in Zhaoqing region amounted to 188,000 TEU, representing a year-on-year decrease of 25.3%. During the year, Zhaoqing New Port achieved diversified developments in areas such as domestic trade, foreign trade, container, break bulk and lighterage of goods businesses and successfully launched the businesses in bulk domestic steel transportation and sand transportation to Hong Kong. The break bulk cargo handling volume recorded a year-on-year increase of 673.3%. Sihui Port is committed to developing the businesses of exporting tiles and ceramics and importing rubber pellets. Gaoyao Port achieved an increase in break bulk cargo transportation volume by establishing an additional loading point in Yunfu to obtain more orders from manufacturers supplying goods to Hong Kong and exploring the emerging business for export of ceramics products from Northwest Guangdong. Kangzhou Port successfully introduced the domestic slag container transhipment business in Fujian and Guangxi, cooperated with several barge companies to carry out domestic waterway transfer business and launched the break bulk marble shipment business, coal import supply business and stone powder and stone transportation business in Guangxi Hezhou.

Subsidiaries *(Continued)*

The overall container handling volume in Foshan amounted to 407,000 TEU, representing a year-on-year increase of 19.9%. The container handling volume of Foshan Gaoming Port amounted to 368,000 TEU during the year, representing a year-on-year growth of 19.2%. Foshan Gaoming Port positioned domestic trade and trailer businesses as key breakthrough points, adopted a diversified business strategy, optimised the company's cargo source composition, broadened the scope of business operations, initiated closer connections between domestic and foreign trades and joined hands with the China Railway Guangzhou Group Co., Ltd. to launch a new mode of water-rail union transportation, to complete its business upgrade to transform into a port enterprise providing customers with integrated logistics services. Meanwhile, the company pushed forward the cooperation with ZTO Express in respect of e-commerce logistics projects. The container handling volume of Qingyuan Port was 39,000 TEU during the year, representing a year-on-year increase of 27.6%. Apart from Introducing a number of logistics partners to increase domestic trade container handling volume, Qingyuan Port also provided its customers with tailor-made logistics plans to reduce clients' transportation costs in order to increase the demand at the port.

The overall container handling volume of Zhuhai region amounted to 225,000 TEU, representing a year-on-year decrease of 9.7%. The container handling volumes of Civet Port and Doumen Port were 171,000 TEU and 54,000 TEU respectively during the year, representing year-on-year decreases of 10.4% and 7.1% respectively. Civet Port and Doumen Port seized the opportunities brought by "The Airport Economy" and "The Bridge Economy", continued to cultivate and develop new businesses. Civet Port continued to developing air freight storage business, expanding in storage and cold chain businesses as well as exploring to develop in the e-commerce sector. The Group successfully launched the frozen meat business in Civet Port and it is the only designated port for imported meat in Zhuhai as approved by the Zhuhai Government. Doumen Port seized the opportunities of land freight transportation subsequent to the opening of the Hong Kong-Zhuhai-Macao Bridge to launch the "All-in-one Bridge Transportation" logistic business in Doumen Port so as to set up the business connecting the Hong Kong HIT Terminal with Doumen Port. Meanwhile, the new business of sand lighterage also brought a new profit source to the company. Doumen Port also reached out to a number of e-commerce companies to explore the intention of business development so as to develop e-commerce business and proceed the plan next year.

Zhongshan Huangpu Port exerted proactive efforts on the exploration of various major clients such as Galanz and Hisense and enhanced cooperation with major liners and freight forwarding companies in Shenzhen. It also spent constant efforts on the exploration of various clients in Nantou and Ronggui regions and launched the domestic steel coil business. During the year, the container handling volume of Zhongshan Huangpu Port was 35,000 TEU, representing a year-on-year increase of 33.5%. Zhongshan Huangpu Port will continue expanding the domestic trade market and introducing sources of scrap iron and timber to maintain business stability.

Subsidiaries *(Continued)*

The overall performance of the terminals in Hong Kong region declined as compared with last year. The container handling volume in the region for the year was 270,000 TEU, representing a year-on-year decrease of 20.2%. During the year, CKTL completed the transition of the temporary site of Tuen Mun wharf. The new wharf has been put into operation smoothly and the operation workflow has been continuously revamped and optimised. The service quality of ports and wharfs demonstrated continuous improvements. Smart terminal equipment is used in conjunction with the container yard location system which improved the efficiency of container settlement. Some warehouses of the godown at Tuen Mun have been renovated into alcoholic liquors and tobacco public bonded warehouses in May 2019 and were officially put into operation. Bid on bonded warehouse business was won, while a number of bonded warehouse clients are developed which expect to generate rewarding results.

Joint Ventures and Associates

The terminals in Jiangmen region included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. Jiangmen region recorded a total container handling volume of 269,000 TEU, representing a year-on-year increase of 20.8%. During the year, Heshan Port recorded the container handling volume of 89,000 TEU, representing a year-on-year increase of 35.9%. Heshan Port gradually expanded its domestic trading business by cooperating with “COSCO SHIPPING” to successfully introduce bulk imported goods and introduced high-yield goods such as rubber wood and frozen food for its foreign trade container transportation business. The container handling volume of Sanbu Port for the year was 180,000 TEU, representing a year-on-year increase of 14.6%. Sanbu Port joined hands with China Railway Guangzhou Group in developing the rail-water union transportation to improve the cargo transportation volume in the Southwest China region and cooperated with large-scale liners to explore the ceramics cargo business in the region.

The three terminals in Foshan region, namely Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Foshan New Port Ltd., achieved a total container handling volume of 217,000 TEU, representing a decrease of 46.6% as compared with last year. Foshan Nankong Port recorded a container handling volume of 122,000 TEU, representing a year-on-year increase of 4.3%. Foshan Nankong Port recorded an increase in the throughput as a result of the launch of domestic trade container transportation business. Foshan Beicun Port recorded a container handling volume of 27,000 TEU, representing a year-on-year increase of 30.7%. Foshan Beicun Port, with an open and innovative attitude, continuously introduced well-established rice importers to the port, strived to make itself a grain import and distribution base in the Pearl River Delta and committed to specialise as a wharf for grain loading. Meanwhile, Beicun Port also expanded domestic trade container and factory trade business, extended the service chain to provide comprehensive logistics services so as to increase the handling volume at the port. Due to the expropriations of the lands for wharfs and buildings erected on the land at the Foshan New Port, its operation was suspended. As a result, the Foshan New Port only recorded a container handling volume of 68,000 TEU during the year, representing a year-on-year decrease of 74.4%. All business operations of Sanshui Sangang Containers Wharf Co., Ltd. continued to be suspended under the environmental protection policies.

II. PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

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

Indicators	For the year ended 31st December Number of Passengers (in thousands) 2019	2018	Change
Number of passengers for agency services	**4,339**	6,571	-34.0%
Number of passengers for terminal services	**4,102**	6,218	-34.0%

Subsidiaries

The passenger transportation business of the Group was impacted by several negative factors such as the gradual improvement of the land transportation system in the Guangdong-Hong Kong-Macao Greater Bay Area, the openings of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the Nansha Bridge and the social unrest in Hong Kong. During the year, the total number of passengers for agency services of CKPT was 4,339,000, representing a year-on-year decrease of 34.0%; the number of passengers for terminal services was 4,102,000, representing a year-on-year decrease of 34.0%.

Regarding urban routes, the total number of passengers for agency services during the year was 2,346,000, representing a significant year-on-year decrease of 45.2%. The openings of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Nansha Bridge have dealt a harsh blow to the business of Panyu, Nansha and Shunde routes. Affected by the diversion of the Hong Kong-Zhuhai-Macao Bridge, the number of passengers for urban routes transportation of Zhuhai and Zhongshan routes both recorded a decrease. Furthermore, reduction in sails for Shunde route due to insufficient transport capacity as a result of the retirement of obsolete vessel also contributed to the decrease in passenger transportation volume.

Regarding airport routes, the number of passengers served during the year was 1,993,000, representing a year-on-year decrease of 12.9%. Given that outbound travel was affected by several factors such as the Sino-US trade war, worsening macro-economic environment in Mainland China and the depreciation of Renminbi, there was an overall decrease in the number of passengers of all routes. Among which, Zhuhai and Macao routes recorded a substantial decrease in the number of passengers due to the traffic diversion impact brought by the Hong Kong-Zhuhai-Macao Bridge which offers more convenient land transportation. The growth in the number of passengers of Nansha airoprt is more than doubled for the year as the route continued to facilitate integrated operation within the region and launched additional sails.

Subsidiaries (Continued)

During the year, in order to cope with the direct impact on the Group's core businesses from the openings of the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Group pushed ahead of the airport strategy to mitigate the risks brought by the decrease in the traditional businesses. During the year, the Group won the bids for the baggage self-service consignment project of the departure level of Terminal 1 of the Hong Kong International Airport and the new business license for the Skypier at the Hong Kong International Airport. Speeding up efforts to improve the deployment of domestic lounges for the Hong Kong International Airport, the Group aims to transform into a comprehensive passenger transportation provider in the Greater Bay Area offering both waterway and road transportation services. Continuing with the deeper cooperation with airline companies, the brand new "All-in-one ticket" product was developded. The Group adjusted the sails and routes based on market conditions and passenger needs, including increasing the sails for Nansha and Shekou routes, assisting Dongguan Humen to launch the Humen - Taipa, Macao route, adjusting the berthing arrangement of Zhuhai route and extending the service hours of the sails. CKPT joined hands with Sunwah Group to launch the Guangzhou Huangpu route, in an effort to create new business growth driver. CKPT assisted the ship owners to invest and build new highspeed carbon fiber ferries, with an aim to set up a benchmark ferry fleet. It stepped up efforts to build its passenger transportation brand, improved service training and set up additional self-service facilities at the terminals, so as to promote its passenger transportation services and enhance the traveling experience of the tourists.

Due to the social unrest in Hong Kong, Cotai Chu Kong Shipping Management Services Company Limited suspended the project of tours for Victoria Harbour on the sightseeing cruise "Oriental Pearl"

Joint Ventures and Associates

The number of passengers served by each joint venture and associate recorded a decrease to a different extent due to the combined impact from the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the openings of the Hong Kong-Zhuhai-Macao Bridge and the Nansha Bridge and the decrease in the number of visitors to Hong Kong. During the year, the number of passengers served by SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) recorded a year-on-year decrease of 16.2%. The total number of passengers of Zhongshan – Hong Kong Passenger Shipping Coop Co. Ltd. (“ZHPS”) and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. (“SGPT”) decreased by 26.6% and 51.7% respectively.

The shuttle bus business for the Hong Kong-Zhuhai-Macao Bridge jointly operated by Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd., an associate of the Group, recorded a passenger volume of 1,002,000 during the year, maintaining a growth momentum in the overall passenger volume. While continuing to generate strong social and economic benefits, the business contributed a profit to the Group.

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, diesel sales of Sun Kong Petroleum decreased due to fewer consumptions from both passenger ferries and cargo vessels. Sun Kong Petroleum recorded a sales volume of 100,000 tons for diesel during the year, representing a year-on-year decrease of 16.7%. The sales volume of engine oil was 590,000 litres, representing a year-on-year increase of 40.5%. To cope with the unfavorable situation, Sun Kong Petroleum took precautious measures including marketing new 500-ton lubricant tanker to proactively explore new businesses and new clients and leveraging on the combined advantages of the company's brand and the resources at Tuen Mun Godown Wharf to promote new business on lubricant logistics chain (including storage, transportation and distribution), so as to identify new business growth drivers. Sun Kong Petroleum also proactively explored agency business to expand the market share and signed transportation agency agreements with new customers, including lubricants agency agreements for a number of ocean cargo vessels and diesel clients.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, the Company entered into the sales and purchase agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited (“CKSE”) on 28th June 2019, pursuant to which the Company agreed to sell the whole 23rd floor of the property located at Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong to CKSE at a consideration of HK$60,400,000. The transaction was completed during the period and recorded a gain from the disposal of approximately HK$55,751,000.

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

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 31st December 2019, the Group secured a total credit facilities of HK$1,184,000,000 and RMB260,000,000 (equivalent to approximately HK$290,243,000) (2018: HK$975,000,000 and RMB260,000,000 (equivalent to approximately HK$296,736,000)) granted by bona fide banks.

As at 31st December 2019, the current ratio of the Group, calculated by dividing current assets by current liabilities, was 2.5 (2018: 2.3).

As at 31st December 2019, the Group's cash and cash equivalents amounted to HK$869,271,000 (2018: HK$905,330,000), which represented 19.9% (2018: 20.9%) of the total assets.

As at 31st December 2019, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 5.3% (2018: 7.3%) and the debt ratio, representing total liabilities divided by total assets, was 21.2% (2018: 22.3%).

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, the Group did not use any financial instruments for hedging purpose.

BANK LOANS AND PLEDGE OF ASSETS

Bank Loans	**As at 31st December 2019**	As at 31st December 2018
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	**50,000,000**	100,000,000
Bank located in China (Note 2)		
- Renminbi	**129,526,000 (equivalent to approximately HK$144,592,000)**	142,815,000 (equivalent to approximately HK$162,994,000)

Note:

1. The loans from banks located in Hong Kong in 2019 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in 2018 Annual Report.
2. The loans from banks located in China in 2019 borne floating interest rate and was 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 2018 Annual Report.

CURRENCY STRUCTURE

As at 31st December 2019, 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 Macau pataca and in Euro.

CAPITAL COMMITMENTS

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 31st December 2019, the Group had no material contingent liabilities (2018: Nil).

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.

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.

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 31st December 2019 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 21st May 2020 (Thursday) 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 DIVIDEND

The directors of the Company (the "Directors") have declared during the year an interim dividend of HK3 cents (2018: HK3 cents) per ordinary share, totaling HK$33,635,000 (2018: HK$33,635,000) and was paid on 15th October 2019. The Directors have proposed a final dividend of HK3 cents (2018: HK6 cents) per ordinary share for the year ended 31st December 2019, totaling HK$33,635,000 (2018: HK$67,270,000) to Shareholders whose names appeared on the register of members on 29th May 2020. 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 15th May 2020 (Friday) to 21st May 2020 (Thursday), during which no transfer of shares will be effected. In order to ascertain shareholders' rights for the purpose of attending and voting at the AGM to be held on 21st May 2020 (Thursday), all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on 14th May 2020 (Tuesday) for registration.

The register of members of the Company will be closed from 27th May 2020 (Wednesday) to 29th May 2020 (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 31st December 2019 to be approved at the AGM. In order to qualify for the final dividend for the year ended 31st December 2019, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on 26th May 2020 (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 19th June 2020 (Friday).

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 2019 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 complied with all applicable Code for the year ended 31st December 2019.

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, Ms. Yau Lai Man and Mr. Chow Bing Sing 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 Company 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 provisions of 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. Ms. Yau retired on rotation at the annual general meeting held on 20th June 2019, and being eligible, offered herself for re-election at the said meeting. Ms. Yau had already been re-appointed by separate resolution of the then Shareholders at the said meeting. Mr. Chan and Mr. Chow will retire on rotation, and will be eligible, offer themselves for re-election at the forthcoming annual general meeting. The Company will, in accordance with the provisions of Code A.4.3, propose the re-appointments of Mr. Chan and Mr. Chow by separate resolutions to be approved by the Shareholders at the said meeting.

In the future, the Company will also adopt more Recommended Best Practices as set out in the Code according to actual needs, so as to further enhance the level of corporate governance.

The details of the principles and procedures related to the corporate governance of the Company will be published in 2019 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 30th June 2019.

As at the date of this announcement, the executive Directors are Mr. Huang Liezhang, Mr. Wu Qiang, Mr. Chen Jie, Mr. Leng Buli and Mr. Liu Wuwei; non-executive Director is Ms. Ye Meihua; and independent non-executive Directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

By Order of the Board
Wu Qiang
Managing Director

Hong Kong, 26th March 2020