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 2020 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 31st December 2020 to the shareholders. The Group recorded a consolidated revenue of HK$1,854,549,000 (2019: HK$2,147,876,000), representing a decrease of 13.7% as compared with last year. Profit attributable to the shareholders of the Company amounted to HK$49,821,000 (2019: HK$214,078,000), representing a decrease of 76.7% as compared with last year.

REVIEW

In 2020, the COVID-19 epidemic has dealt a heavy blow to the global economy. Businesses and tourism in Hong Kong were severely impacted, making a significant impact on the overall performance of the Group. Since the end of January 2020, the Hong Kong government has progressively closed the Guangdong-Hong Kong and Hong Kong-Macao cross-border waterway passenger terminals temporarily due to the epidemic, resulting in a challenging operating environment for the Group's cross-border passenger transportation and related ancillary businesses.

Facing such unprecedented crises and challenges, the Group searched for opportunities. The Group continued to lay a solid foundation of core business development, actively integrating into the national strategic opportunity brought by the development of Guangdong-Hong Kong-Macao Greater Bay Area. By continuing leveraging on Hong Kong local transportation, terminal logistics and other strategic platforms, the Group achieved critical breakthroughs in the local transportation business in Hong Kong. Through the transformation and upgrading of the terminal logistics business in both domestic and foreign trade businesses, the Group has minimized the adverse impact of the epidemic on the import and export logistics businesses, achieving a steady growth in the terminal logistics business overall.

Regarding the passenger transportation business, the Group strived to expand the local ferry business in Hong Kong. The Group promptly expanded the business size of local ferry business in Hong Kong through the acquisition of equity interests of a local ferry operator, becoming one of the important providers of local ferry services in Hong Kong, capable of making up the loss from cross-border passenger transportation business. The Group completed an acquisition of 60% equity interests in Sun Ferry Services Company Limited (formerly known as “New World First Ferry Services Limited”) (“Sun Ferry”) in May 2020, successfully achieving a smooth transition of management and creating sound economic benefits for the Group. Sun Ferry has successfully tendered for the new service licenses for operating three outlying-island ferry routes in September 2020. The renewal of two inner harbour ferry routes is also proceeding smoothly.

Regarding the terminal logistics business, the Group took proactive actions to explore a professional business model of “One Platform Two Centres”. The Group coordinated and promoted the integration of supply chain logistics and air freight business in Hong Kong so as to progress a transformation of logistics business from terminal storage operation to integrated logistics services. Through vigorously formulating diversified terminal logistics businesses such as domestic trade and trailer transportation, the Group continued to expand and strengthen businesses such as integrated logistics, cross-border e-commerce, bonded warehouse, air freight logistics and cold chain distribution, resulting in the terminal logistics business of the Group exceeding market expectations. Among them, both bulk cargoes transportation volume and handling volume increased by more than 50%.

Apart from continuing expedite the diversification of traditional businesses, the Group had given full play to the advantage of logistic warehouse, and vigorously developed high yield businesses such as bonded warehouse and e-commerce logistics. After the completion for the reconstruction of Tuen Mun warehouse, its bonded warehouse will cover a total area of 150,000 square feet, becoming one of the largest public bonded warehouses in Hong Kong. Being the distribution centre for duty free products of China Duty Free International Limited in southern China, Tuen Mun warehouse has undertaken the e-commerce supply chain business of high-value goods such as perfume and cosmetics. Besides, having built the first outdoor bonded warehouse in Gaoming Port of Foshan region, the Group has cooperated with Shanghai Dayu International Logistics Co., Ltd. (a subsidiary of ZTO Express Co., Ltd.) to launch cross-border e-commerce business. The Group continued to expedite its airport strategy in a comprehensive and orderly manner, with the air cargo warehouse in Tuen Mun becoming one of the air cargo inspection centres authorised by the Civil Aviation Department of Hong Kong.

Besides carrying out epidemic prevention and control work conscientiously, the Group faithfully carried out corporate social responsibility by contributing to the global combat against the epidemic. The Group assisted 4,500 Mainland tourists, overseas Macao compatriots and Taiwanese entrepreneurs stuck in Hong Kong, utilising its cross-border passenger vessels. Leverage on its domestic and international logistics networks, the Group launched multiple 'Overseas-Hong Kong-Mainland China' routes for anti-epidemic supplies transportation, successfully transporting a number of anti-epidemic supplies such as Hong Kong quarantine site and supporting facilities. The contribution to the global combat against the epidemic by the Group was highly recognised by the government of People’s Republic of China, the Guangdong Provincial and the Hong Kong Special Administrative Region.

While successfully promoting several major projects, the Group conscientiously carried out cost-reduction measures, reasonably optimized human resources, strictly controlled various costs and expenses, actively followed the government's fiscal and tax support policies and anti-epidemic fund subsidies, and successfully applied for multiple government subsidies to relieve operating pressure.

OUTLOOK

The COVID-19 epidemic remains severe in 2021, and it will continue to exert tremendous pressure on businesses of the Group's cross-border passenger transportation and related ancillary businesses. The Group will tightly grasp the opportunities brought by the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the signing of the 'Regional Comprehensive Economic Partnership Agreement', focus on key strategies such as Hong Kong local transportation, Greater Bay Area airports, terminal logistics, the "Belt and Road", and investment and capital operation, accelerate the implementation of platform strategy and expedite the transformation and upgrading of businesses. The Group will overcome the significant adverse impact brought by the epidemic, achieve sustainable developments and create greater value for shareholders.

Firstly, the Group will further expand the local transportation business in Hong Kong. The Group will actively seek for acquisition or business collaboration opportunities with large local public transport enterprises in Hong Kong which will further strengthen the brand value and operating efficiency of local transportation services in Hong Kong.

Secondly, the Group will further enhance the competitiveness and control over terminal logistics. The Group will actively participate in the integration of inland ports along the Pearl River Delta. Through expanding the value chain of terminal logistics, the Group will fully achieve interconnection between upstream and downstream businesses within the integrated logistics business, strive to build a systematic, large scale and modernized integrated logistics service platform and continuously increase market shares and influence of terminal logistics market across the Greater Bay Area and the ASEAN countries. By capitalizing the opportunity brought by the operation of new Tuen Mun Godown Wharf, the Group will implement business planning and expansion so as to develop duty free product logistics, storage logistics and air freight logistic centre within the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will also enhance the capacity of air cargo inspection services of the warehouse in Tuen Mun, promote smart and intelligent terminal logistics so as to achieve the transformation and upgrading of businesses. Besides, the Group will focus on construction logistics market and give full play to the advantage of cross-border logistics routes, providing 'one-stop' solutions such as manufacturing site for construction components or machineries and logistics services necessary for projects under construction in Hong Kong, with the aim of winning the bid for large-scale construction logistics projects.

Thirdly, the Group will continue to expedite the Greater Bay Area airports strategy. In terms of passenger transportation business, the Group will promote the launch of routes from downtown Hong Kong to the Shenzhen Airport, and routes from Guangzhou Huangpu and Pazhou to the Hong Kong International Airport. The Group will actively bid for new servicing projects of Hong Kong International Airport and expand the scope of air freight business in Hong Kong, further enhancing the breadth of business and participating in the field of airport services. In terms of storage logistics, the Group will make use of the advantages of the air cargo warehouse in Tuen Mun and actively expand air freight logistics business supporting the Hong Kong International Airport, while improving the control of storage logistics.

Fourthly, the Group will accelerate the deployment and investment of businesses in countries along the "Belt and Road". The Group will speed up the acquisition of storage logistics projects in Singapore, optimise its footprint and network in Southeast Asia and realise synergistic development in terminal logistics business with 'one network in both domestic and overseas'. Besides, the Group will endeavour to set up a regional logistics system radiating Guangdong, Hong Kong and Macao and the Southeast Asia and actively develop the "Belt and Road" and the ASEAN market.

RESPONSE TO COVID-19 EPIDEMIC

Following the guidelines on epidemic prevention and anti-epidemic issued by the government of People's Republic of China and the Hong Kong Special Administrative Region, the Group quickly took epidemic prevention measures to protect customers and employees while maintaining business continuity under the COVID-19 outbreak. The Group took multiple measures to minimise the risk of infection, including flexible working hours, split-team operations, work-from-home arrangements and procurement of sanitary items. These measures had been effective, with no confirmed cases of infection among the Group's employees.

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 "Commit 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 towards the prosperity of Guangdong, Hong Kong and Macao.

Huang Liezhang
Chairman

Hong Kong, 25th March 2021

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31st December 2020, together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*4*	**1,854,549**	2,147,876
Cost of sales/services rendered	*7*	**(1,668,423)**	(1,844,009)
Gross profit		**186,126**	303,867
Other income		**181,619**	56,298
Other gains, net	*8*	**3,472**	51,159
General and administrative expenses	*7*	**(290,570)**	(296,397)
Operating profit		**80,647**	114,927
Finance income		**22,337**	26,755
Finance cost		**(10,116)**	(12,402)
Share of profits less losses of :			
- Joint ventures		**(20,192)**	130,443
- Associates		**1,808**	6,760
Profit before income tax		**74,484**	266,483
Income tax expense	*9*	**(9,186)**	(34,335)
Profit for the year		**65,298**	232,148
Attributable to:			
Equity holders of the Company		**49,821**	214,078
Non-controlling interests		**15,477**	18,070
		65,298	232,148
Earnings per share (HK cents)	*11*		
Basic and Diluted		**4.44**	19.09

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**65,298**	232,148
Other comprehensive income / (loss) for the year:		
Item that will not be reclassified to profit or loss		
Unlisted equity security at fair value through other comprehensive income – change in fair value, net off HK$nil tax effect	**(65)**	**-**
	(65)	**-**
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Currency translation differences, net off HK$nil tax effect:		
- Subsidiaries	**87,648**	(32,479)
- Joint ventures and associates	**25,252**	(12,539)
Cash flow hedges:		
Net movement in the hedging reserve, net of HK$3,582,000 tax effect	**18,127**	-
Other comprehensive income / (loss) for the year	**130,962**	(45,018)
Total comprehensive income for the year	**196,260**	187,130
Attributable to:		
Equity holders of the Company	**165,197**	171,893
Non-controlling interests	**31,063**	15,237
	196,260	187,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,013,501**	1,733,898
Investment properties		**51,734**	33,593
Land use rights		**378,265**	385,927
Intangible assets		**237,809**	43,612
Investments in joint ventures		**377,532**	387,006
Investments in associates		**121,679**	114,198
Other financial asset		**1,743**	-
Deferred income tax assets		**1,178**	4,494
		3,183,441	2,702,728
Current assets			
Inventories and spare parts		**32,356**	1,814
Trade and other receivables	*5*	**385,183**	386,211
Loan to a joint venture		**2,376**	4,465
Tax recoverable		**6,252**	-
Structured bank deposits		**238,050**	409,441
Cash and cash equivalents		**726,056**	869,271
		1,390,273	1,671,202
Total assets		**4,573,714**	4,373,930
EQUITY			
Share capital		**1,415,118**	1,415,118
Reserves		**1,866,484**	1,734,922
		3,281,602	3,150,040
Non-controlling interests		**349,919**	297,047
Total equity		**3,631,521**	3,447,087

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AS AT 31ST DECEMBER 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**99,681**	82,739
Deferred income		**5,471**	6,438
Lease liabilities		**19,187**	32,171
Long term borrowings		**126,842**	140,696
		251,181	262,044
Current liabilities			
Trade payables, accruals and other payables	*6*	**479,135**	494,333
Amounts due to the non-controlling interests		**78,550**	77,939
Derivative financial liabilities		**3,006**	-
Income tax payables		-	20,438
Lease liabilities		**17,845**	18,193
Short term borrowings		**100,000**	50,000
Current portion of long term borrowings		**12,476**	3,896
		691,012	664,799
Total liabilities		**942,193**	926,843
Total equity and liabilities		**4,573,714**	4,373,930
Net current assets		**699,261**	1,006,403
Total assets less current liabilities		**3,882,702**	3,709,131

NOTES:

1. Statement of compliance

The financial information relating to the years ended 31st December 2020 and 2019 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 2019 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 2020 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 31st December 2020 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"), 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 Group has applied the following amendments to HKFRSs issued by the HKICPA to the financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*

- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amendments to HKFRS 3 has no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

3. Principal accounting policies *(Continued)*

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

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31st December 2020

Up to the date of issue of the 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 2020 and which have not been adopted in the 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, *Reference to the Conceptual Framework*	1st January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1st January 2022
Amendments to HKAS 37, Onerous Contracts - *Cost of Fulfilling a Contract*	1st January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1st January 2022

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.

	2020	2019
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Cargo transportation	**1,197,322**	1,235,498
Cargo handling and storage	**328,623**	297,534
Passenger transportation	**161,854**	116,541
Fuel supply	**86,306**	479,403
Corporate and other businesses	**80,444**	18,900
	1,854,549	2,147,876

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 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, ferry terminal management services 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 31st December 2020						
Total revenue	1,298,528	471,848	161,854	126,506	96,248	2,154,984
Inter-segment revenue	(101,206)	(143,225)	-	(40,200)	(15,804)	(300,435)
Revenue (from external customers)	1,197,322	328,623	161,854	86,306	80,444	1,854,549
Timing of revenue recognition						
At a point in time	-	-	2,066	86,306	820	89,192
Over time	1,197,322	328,623	159,788	-	79,624	1,765,357
	1,197,322	328,623	161,854	86,306	80,444	1,854,549
Segment profit / (loss) before income tax expense	39,282	37,599	(30,906)	(8,240)	36,749	74,484
Income tax (expense) / credit	(3,257)	(11,526)	1,969	463	3,165	(9,186)
Segment profit / (loss) after income tax expense	36,025	26,073	(28,937)	(7,777)	39,914	65,298
Segment profit / (loss) before income tax expense includes:						
Finance income	429	108	429	209	21,162	22,337
Finance cost	(1,219)	(7,255)	(578)	(35)	(1,029)	(10,116)
Depreciation and amortisation	(13,150)	(109,398)	(19,335)	(3,028)	(8,781)	(153,692)
Share of profits less losses of:						
Joint ventures	5,595	8,106	(33,893)	-	-	(20,192)
Associates	-	6,000	(4,192)	-	-	1,808

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	Inter segment elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December 2020							
Total segment assets	556,042	2,642,299	918,133	123,639	1,802,670	(1,469,069)	4,573,714
Total segment assets include:							
Joint ventures	39,810	138,621	199,101	-	-	-	377,532
Associates	-	46,575	75,104	-	-	-	121,679
Additions to non-current assets (excluding deferred income tax assets)	468	232,641	315,082	128	2,157	-	550,476
Total segment liabilities	(393,188)	(759,925)	(242,353)	(33,775)	(982,021)	1,469,069	(942,193)

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 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)*

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:

	2020	2019
	HK$'000	HK$'000
Non-current assets excluding joint ventures and associates, other financial asset and deferred income tax assets		
Hong Kong	**1,339,860**	858,123
Mainland China	**1,341,449**	1,338,907
	2,681,309	2,197,030
Joint ventures and associates		
Hong Kong	**60,623**	68,274
Singapore	**16,968**	12,992
Mainland China	**421,620**	419,938
	499,211	501,204
Other financial asset	**1,743**	-
Deferred income tax assets	**1,178**	4,494
	3,183,441	2,702,728

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:

	2020	2019
	HK$'000	HK$'000
Within 3 months	**154,874**	230,659
4 to 6 months	**45,863**	13,972
7 to 12 months	**27,945**	5,292
Over 12 months	**25,660**	4,596
	254,342	254,519
Less: loss allowance recognised	**(4,157)**	(4,952)
	250,185	249,567

6. Trade payables, accruals and other payables

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

	2020	2019
	HK$'000	HK$'000
Within 3 months	**203,469**	261,082
4 to 6 months	**7,037**	56
7 to 12 months	**1,691**	306
Over 12 months	**4,097**	1,650
	216,294	263,094

7. Costs and expenses by nature

	2020	2019
	HK$'000	HK$'000
Amortisation of land use rights	**11,215**	11,465
Depreciation of property, plant and equipment	**137,424**	119,667
Depreciation of investment properties	**3,518**	303
Amortisation of intangible assets	**1,535**	1,292
Lease payments for short-term leases		
- vessels and barges	**132,804**	131,787
- buildings	**4,384**	7,287
Staff costs (including directors' emoluments)	**472,088**	379,493

8. Other gains, net

	2020	2019
	HK$'000	HK$'000
Exchange gains / (losses), net	**2,177**	(2,830)
Impairment loss of property, plant and equipment	**-**	(2,388)
Gain on disposals of property, plant and equipment (note)	**1,090**	56,340
Loss on disposal of a subsidiary	**(590)**	-
Reversal for impairment of trade receivables, net	**795**	37
	3,472	51,159

Note:

The gain on disposals of property, plant and equipment in 2019 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, 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% (2019: 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% (2019: 25%). Macao profits tax has been provided at the rate of 12% (2019: 12%) on the estimated assessable profit for the year.

	2020	2019
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**3,552**	9,992
- PRC corporate income tax	**5,129**	9,787
- Macao profits tax	-	1,819
- Over provision in prior years	**(1,991)**	(353)
Deferred income tax expense	**2,496**	13,090
	9,186	34,335

10. Dividends

On 25th March 2021, the board of directors resolve to propose a final dividend of HK2 cents per ordinary share for 2020 (2019: HK3 cents per ordinary share) for the year ended 31 December 2020. This proposed dividend is 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 2019, amounting to HK$33,635,000 (2019: HK$100,905,000).

	2020	2019
	HK$'000	HK$'000
Interim, paid, of HKnil cents (2019: HK3 cents) per ordinary share	**-**	33,635
Final, proposed, of HK2 cents (2019: HK3 cents) per ordinary share	**22,423**	33,635
	22,423	67,270

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.

	2020	2019
Profit attributable to equity holders of the Company (HK$'000)	**49,821**	214,078
Weighted average number of ordinary shares in issue ('000)	**1,121,167**	1,121,167
Basic earnings per share (HK cents)	**4.44**	19.09

Diluted earnings per share for the years ended 31 December 2020 and 2019 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 31st December 2020, the Group recorded a consolidated revenue of HK$1,854,549,000, representing a decrease of 13.7% over the same period last year. Profit attributable to the shareholders of the Company amounted to HK$49,821,000, representing a decrease of 76.7% over the same period last year.

In 2020, the COVID-19 epidemic was spreading globally, resulting in complicated and profound changes in the international landscape. Major economies in the world had been dealt a harsh blow. The instability of the industrial chain and supply chain affected the international trade and navigation market. Meanwhile, the number of visitors to Hong Kong had almost stagnated due to the unexpected outbreak. Compared with the same period last year, the Group's terminal logistics business maintained a steady performance under an extremely unfavourable market environment. In contrast, the cross-border waterway passenger transportation business, affected by the epidemic, has experienced a significant decline, causing the Group's performance for the year to fall far below expectations. Faced with the unprecedented challenging environment, the Group was determined to overcome multiple hurdles, sought for opportunities in crises and carried out overall planning to achieve both epidemic prevention and business operation. The Group built modernised logistics service platform while expediting the construction of cross-border passenger platform, strengthened the strategic platform in Hong Kong while expanding the innovation platform of the "Belt and Road" and reinforced the foundation of capital operation platform while optimising institutional mechanism platform management so as to plan ahead for the economic recovery.

Regarding the freight business, the Group continued to leverage on advantages of terminals' network within the Guangdong-Hong Kong-Macao Greater Bay Area, adhered to synergistic development on both domestic and foreign trade businesses and developed diversified businesses. By actively expanding into sand supply business, epidemic-prevention supplies transportation and other businesses, the Group enriched its diversity of cargo portfolio and effectively extended its logistics business chain. During the year, the container transportation volume reached 1,365,000 TEU, representing a year-on-year decrease of 4.0%, while break bulk cargoes transportation volume reached 983,000 tons, representing a year-on-year increase of 73.7%. As for the cargo handling business, the container handling volume reached 1,141,000 TEU, representing a year-on-year increase of 1.4%, while the break bulk cargoes handling volume reached 12,364,000 tons, representing a year-on-year increase of 54.4%, and the container hauling and trucking volume amounted to 222,000 TEU, representing a year-on-year increase of 1.4%.

Regarding the passenger transportation business, the Group fully complied with the policy of "Customs Closure for Epidemic Prevention" issued by the government, operations of the cross-border waterway passenger routes of urban areas and the airport were progressively suspended since the end of January 2020, had significant declines in relevant business indicators. Since the acquisition of Sun Ferry in May 2020, local ferry services have become a new growth driver of the passenger transportation business. During the year, the total number of passengers for agency services was 415,000, representing a year-on-year decrease of 90.4%. The number of passengers for terminal services was 372,000, representing a year-on-year decrease of 90.9%. Also affected by the epidemic, the number of passengers for local ferry services (from May 2020 onwards) was 7,747,000, representing a year-on-year decrease of 12.5%.

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	**2020**	2019	Change
Container transportation volume (TEU)	**1,365,000**	1,422,000	-4.0%
Break bulk cargoes transportation volume (revenue tons)	**983,000**	566,000	73.7%
Volume of container hauling and trucking on land (TEU)	**222,000**	219,000	1.4%

Subsidiaries

During the year, despite the impact brought by the epidemic and the Sino-US trade friction, Chu Kong Transhipment & Logistics Company Limited ("CKTL") overcame difficulties and actively fostered various innovative projects while maintaining the stability of existing businesses. The declining rate of container transportation volume flattened with a container transportation volume of 1,365,000 TEU during the period, representing a year-on-year decrease of 4.0%. The volume of container hauling and trucking on land recorded 222,000 TEU, representing a year-on-year increase of 1.4%, successfully achieving a contrarian growth. Benefitting from the significant demand in bulk cargoes transportation such as sand supply, the break bulk cargoes transportation volume for the year reached 983,000 tons, representing a significant increase of 73.7% year-on-year.

Subsidiaries *(Continued)*

CKTL took measures to stress on cost reductions and efficiency enhancement, strengthen business innovations, deepen cooperation between cargo terminals and navigation and optimise market footprint. By capturing the opportunity of epidemic-prevention supplies transportation demand in the extraordinary period, leveraging on both waterway logistics and air freight logistics, expanding capacity on targeted routes and cooperating with various departments of the Hong Kong government, CKTL had successfully undertook two phases of Hong Kong quarantine site transportation project, contributing to the global combat against the epidemic while enhancing the brand awareness. CKTL entered the domestic trade forwarding market with cargo terminals in the Pearl River Delta region, established management and working groups, set up incentive schemes and increased cargo portfolio. Through combining preferential policies, leveraging on geographical advantages, extending industrial chain into e-commerce businesses, CKTL had successfully expanded into the cross-border e-commerce high-speed waterway logistics business, with warehouse in Tuen Mun becoming the distribution centre for duty free products of China Duty Free International Limited in southern China, and received favourable comments with regard to the quality of services. Besides, CKTL vigorously undertook construction logistics project, successfully tendered for the desulfurize lime powder logistics project from Guangdong Yuedian Environmental Protection Material Co., Ltd, a subsidiary of Guangdong Energy Group Co., Ltd., laying a good foundation for participating in subsequent bidding of similar projects. In addition, CKTL orderly advanced the construction of core projects, with the completion of new warehouse 2B in Tuen Mun facilitating the development of smart and intelligent warehouse services. Regarding the freight forwarding business, CKTL strived to complete the establishment of Vietnam outlets and further exploit the ASEAN market.

Regarding the air freight business, CKTL recorded a significant increase of 61.4% year-on-year in air cargo transportation volume during the year. Focusing on the Greater Bay Area airports strategy and “The Bridge Economy”, CKTL actively explored the air freight business. During the year, CKTL explored the introduction of strategic partnerships with resourceful corporations having extensive experience in air cargo warehouse operation to expand its air freight business. As CKTL had previously obtained the qualification to conduct the X-ray inspection business of air freight cargo in Hong Kong, the first X-ray inspection machine had been operational during the year, and the second one would commence in the first quarter of 2021. With the Hong Kong Civil Aviation Department gradually increasing the percentage of air cargo screening to 100%, X-ray inspection business would become an important pillar of the air freight business in the future. Complementing air cargo palletisation and land-based surveillance distribution, CKTL would establish a comprehensive air freight warehouse operation platform and attract more air freight forwarding businesses, achieving a virtuous circle.

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 31st December **2020**	2019	Change
Container handling volume (TEU)	**1,141,000**	1,125,000	1.4%
Volume of break bulk cargoes handled (revenue tons)	**12,364,000**	8,009,000	54.4%

Subsidiaries

During the year, the container handling volume had achieved a contrarian growth of 1.4% year-on-year despite the epidemic. Each subsidiary of the Group seized the opportunities brought by the market changes by coordinating and integrating business resources, optimising port cargo structure and exploring and developing various emerging businesses which fostered unique growth drivers in adversity, with two companies achieving a turnaround from revenue loss.

The subsidiaries located in Zhaoqing region had proactively expedited business transformation and upgrade by sourcing high-quality customers. The overall break bulk cargoes handling volume in Zhaoqing region amounted to 11,214,000 tons, representing a year-on-year increase of 61.7% and accounting for 90.7% of overall break bulk cargoes handling volume in all regions, successfully exceeding 10 million tons. Affected by the epidemic and environmental protection policies, the overall container handling volume in Zhaoqing region amounted to 163,000 TEU, representing a year-on-year decrease of 13.2%. During the year, Zhaoqing New Port stabilised foreign trade and strove for breakthroughs, strengthened domestic trade and promoted growths so as to achieve a diversified business development. While maintaining a stable growth in sand supply business, Zhaoqing New Port vigorously developed break bulk cargoes businesses, such as the transportation of bulk construction materials, steel and ore powder, resulting in a year-on-year increase of 108.0% for the break bulk cargoes handling volume, successfully achieving a turnaround from revenue loss. Sihui Port actively seized the opportunity brought by the regulatory policy adjustment of renewable resource so as to attract returning customers from renewable resources. Through entering the logistics business of new resources such as sand, frozen food, ore and timber, Gaoyao Port achieved differentiation in terminal operations, resulting in a 24.6% year-on-year increase in break bulk cargoes handling volume. Gaoyao Port also promoted the construction of a “Smart Customs” system and began to enter the domestic market. Based on the actual operation of terminal business, Kangzhou Port introduced sand conveyors so as to build a professional terminal focusing on break bulk cargoes handling and expand its business to Guangxi by leveraging on its geographical advantages.

Subsidiaries *(Continued)*

The overall container handling volume in Foshan amounted to 436,000 TEU, representing a year-on-year increase of 7.2%, while the break bulk cargoes handling volume reached 130,000 tons, representing a significant increase of 264.2% year-on-year. During the period, the container handling volume at Gaoming Port recorded 58,000 TEU, representing a year-on-year increase of 62.3%, with domestic break bulk cargoes handling volume boosting 5.3 times compared with the same period last year. Gaoming Port deemed the interconnection of domestic and foreign trade businesses as the entry point to discover the potential of the terminal, adopted a diversified business strategy, extended the supply chain, optimised the Company's cargo portfolio, broadened the scope of business operations, provided customers with integrated logistics services and cooperated with Shanghai Dayu International Logistics Co., Ltd. to launch cross-border e-commerce business so as to open up a new pathway for business development and transformation. The container handling volume of Qingyuan Port was 88,000 TEU during the year, representing a year-on-year increase of 124.8%, with domestic container handling volume boosting 5.8 times compared with the same period last year; new trade break bulk cargoes handling volume reached 72,000 tons, realising synergistic development on both domestic and foreign trade businesses. Qingyuan Port cooperated with CKTL to optimise marketing strategy by introducing preferential measures and logistics solutions for selected customers which reduced their cost so as to consolidate the cargo portfolio for import and export volume. By strengthening the communication and cooperation with external parties such as major liners and regulatory departments, Qingyuan Port had successfully introduced new business such as aluminium ingots, realising a turnaround from revenue loss.

The overall container handling volume in Zhuhai region recorded 221,000 TEU, representing a year-on-year decrease of 2.0%. During the period, the container handling volume at Civet Port recorded 172,000 TEU, representing a slight increase year-on-year. Civet Port seized the opportunities of "The Airport Economy" and "The Bridge Economy", launched cold chain inspection business and created a new platform for cold chain imports and exports; deployed new cross-border e-commerce businesses to pave way for diversification of warehousing and storage services; explored new business forms for Zhuhai-Macao interoperability and entered the high-end supply chain logistics market. Doumen Port recorded break bulk cargoes handling volume of 91,000 tons, representing a year-on-year increase of 10.8%. Doumen Port featured the development of construction materials handling business and expanded the new business of sand lighterage and sand supply to Hong Kong and Macao as well as integrated logistics business to achieve differentiation in terminal operations. Doumen Port actively seized the opportunity of the planning and development of intelligent industrial park within the region, deployed livelihood business in Hong Kong and Macao in advance and built a fresh food inspection and processing base supplying fresh food to Macao so as to create new growth driver. In addition, it optimised the operating model of Hong Kong–Zhuhai–Macao Bridge operation centre, seeking new breakthroughs in warehouse and transportation and cross-border e-commerce businesses on the basis of cost reductions and efficiency enhancement.

Subsidiaries *(Continued)*

Zhongshan Huangpu Port exerted proactive efforts on the exploration of various major clients such as ORMA and Galanz and enhanced cooperation with major liners and freight forwarding companies in Shenzhen so as to develop imported goods logistics such as pumice, float glass, copper cathode and rubber particles, resulting in a 1.8% year-on-year increase in container handling volume and 15.2 times increase in break bulk cargoes handling volume to 96,000 tons year-on-year. Zhongshan Huangpu Port would expedite in serving electrical appliances and small household appliances clusters in the future to increase market shares of foreign trade market while introducing pipe pile logistics business in order to maintain a stable growth in domestic trade volume.

The overall performance of the terminals in Hong Kong region was better than last year. The container handling volume in the region for the year was 286,000 TEU, representing a year-on-year increase of 5.7%. During the year, CKTL fully promoted and implemented new warehouse construction in Tuen Mun and confirmed the operating direction as well as business partners. The Tuen Mun-Chek Lap Kok Link was opened by the end of the year, offering a new opportunity for the consolidation of business between the new warehouse in Tuen Mun and the Hong Kong International Airport. Tuen Mun warehouse was renovated as a bonded warehouse, applied for relevant license, and introduced new storage businesses including Langjiu and cigars and shredded tobacco storage business which generates profit. Tuen Mun warehouse also reached a strategic cooperation with China Duty Free International Limited, undertaking its e-commerce supply chain business of duty-free products such as perfumes, cosmetics and alcohol, transforming Tuen Mun warehouse into the largest duty-free warehouse in Hong Kong. In addition, the Group established integrated logistics department, explored a professional business model of “one platform two centres” and progressed the transformation of logistics business from terminal storage operation to integrated logistics services.

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 296,000 TEU, representing a year-on-year increase of 10.3%. Due to the increase in the volume of paper and rubber wood transportation during the year, Heshan Port recorded a container handling volume of 134,000 TEU, representing a year-on-year increase of 51.7%. The break bulk cargoes handling volume of Sanbu Port for the year was 44,000 tons, representing a year-on-year increase of 20.4%. With the introduction of the break bulk cargoes handling and transportation and trailer transportation businesses from logistic company as well as the increasing charter vessels business from export trade customer for the export of steel pipe, Sanbu Port achieved a gradual increase in break bulk cargoes handling volume.

Joint Ventures and Associates *(Continued)*

The two terminals in Foshan region, namely Foshan Nankong Terminal Co., Ltd. and Chu Kong Cargo Terminals (Beicun) Co., Ltd. recorded a total container handling volume of 130,000 TEU, representing a year-on-year decrease of 12.8%. During the period, the container handling volume at Foshan Nankong Port recorded 96,000 TEU, representing a year-on-year decrease of 21.1%; the break bulk cargoes handling volume recorded 97,000 tons, representing a year-on-year increase of 20.3%. Foshan Nankong Port together with CKTL proactively expedited the development of bulk cargoes handling business such as the handling of excavators and steel pipes, achieving a significant increase in break bulk cargoes business for four consecutive years while effectively mobilised resources to actively promote new river-sea intermodal services at Nansha Composite Port. During the period, the container handling volume at Foshan Beicun Port recorded 34,000 TEU, representing a year-on-year increase of 27.6%. Foshan Beicun Port, with an open and innovative attitude, cooperated with customs to create a "green channel" for rice imports, continuously introduced well-established rice importers to the port while expediting the promotion of qualification certification of designated supervision sites for imported rice so as to build a professional grain terminal. Meanwhile, Beicun Port also expanded domestic trade steel, scrap steel and scrap iron handling business to achieve differentiated management. Due to the expropriations of the lands for wharves and buildings erected on the land at Foshan New Port, its operation was suspended with no operating activity during the year. 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:

	For the year ended 31st December Number of Passengers (in thousands)		
Indicators	**2020**	2019	Change
Number of passengers for agency services	**415**	4,339	-90.4%
Number of passengers for terminal services	**372**	4,102	-90.9%
Number of passengers for local ferry transportation (*Note*)	**7,747**	8,856	-12.5%

Note: The number of passengers for local ferry transportation was calculated on a consolidation basis since the acquisition of Sun Ferry in May of this year, and the number of passengers in 2019 was also begun in May.

Subsidiaries

Affected by the COVID-19 epidemic in 2020, the Group's Guangdong-Hong Kong and Hong Kong-Macao cross-border waterway passenger terminals had been temporarily closed since the end of January, and the cross-border passenger transportation business had stalled. During the year, the total number of passengers for agency services of Chu Kong Passenger Transport Company Limited ("CKPT") was 415,000, representing a year-on-year decrease of 90.4%; the number of passengers for terminal services was 372,000, representing a year-on-year decrease of 90.9%.

Regarding urban routes, the total number of passengers for agency services during the year was 146,000, representing a significant decrease of 93.8% year-on-year. In response to the Hong Kong government's announced requirements for epidemic control, the China Ferry Terminal and the Hong Kong Macau Ferry Terminal were closed at the end of January and early February 2020 respectively. The urban routes had been suspended since then, and the cross-border passenger transportation business operations of the Groups had been facing severe challenges.

Regarding airport routes, the number of passengers served during the year was 269,000, representing a year-on-year decrease of 86.5%. Affected by the epidemic, all flights to and from the SkyPier at the Hong Kong International Airport and ports at the Pearl River Delta were cancelled since late March 2020. In response to the government's request during the year, the Group temporarily resumed the routes from Dongguan and Macao to the Hong Kong International Airport so as to pick up Macao and Taiwan tourists detained in Hong Kong, contributing to the resumption of work and production. Meanwhile, the route from Shekou to the Hong Kong International Airport resumed at the end of October, maintaining the operation of two "sea to air" one-way voyages every day. Although the airport routes suffered a hard blow, the Group still actively implemented the innovative business model of "sea to air intermodal" and expedited for openings of new routes for Hong Kong Airport and Shenzhen Airport. It is expected, with the hope of easing the epidemic situation, the airport routes would usher in good benefits for the Group.

Subsidiaries *(Continued)*

Regarding local ferry services, the Group formally acquired 60% equity interest in Sun Ferry from NWS Holdings Co., Ltd. in May 2020 and the business of Sun Ferry was relatively stable during the year. Sun Ferry successfully tendered for the new service licenses for operating three outlying-island ferry routes in September, achieving the convergence and continuation of core business and laying a solid foundation for strengthening, optimising and growing the local public transport business and implementing strategic objective in Hong Kong. With Sun Ferry joining the Group, the Group set foot in local ferry business, which is expected to bring in long-term stable returns to the Group by leveraging on the experienced management team of Sun Ferry. Since the completion of the acquisition in May this year, the local ferry business had recorded the number of passengers of 7,747,000, representing a year-on-year decrease of 12.5% as affected by the epidemic.

During the year, in order to cope with the direct impact on the Group's core businesses from the epidemic, the Group took multiple measures to mitigate the operating risk brought by the epidemic. The Group focused on the airport strategy so as to expedite routes in the Greater Bay Area while strengthening the development and expansion of Hong Kong airport business by paying close attention to the tender information released by the Hong Kong International Airport, leveraging on the cooperation between airlines and the airport to excel in the development of new routes and market promotion so as to facilitate the opening of new route from Shenzhen Airport to downtown Hong Kong. Cooperating with Sunwah Group to launch the Guangzhou Huangpu route, in an effort to create new business growth driver. The Group also strived to the implementation of various financial subsidies while seeking supportive industry policies so as to effectively mitigate the operation pressure during the epidemic. Actively responding to the environmental protection policies of the Hong Kong government by connecting with the government's electric ferry pilot program for inner-harbour routes through introducing green ferry so as to set up a benchmark ferry fleet and improve service quality.

The economy has entered a downturn due to the epidemic which severely blew the tourism industry in Hong Kong. Cotai Chu Kong Shipping Management Services Company Limited delayed the project of tours for Victoria Harbour on the sightseeing cruise "Oriental Pearl" until the market gradually recovered.

Joint Ventures and Associates

Affected by the epidemic, the number of passengers served by each joint venture and associate recorded a significant decrease. During the year, the number of passengers served by SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) amounted to 277,000, representing a year-on-year decrease of 87.2%. Zhongshan – Hong Kong Passenger Shipping Co-op Co. Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. were pioneers in operation suspension, their numbers of passengers dropped by 91.7% and 94.1% year-on-year respectively.

Also affected by the epidemic, 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 the number of passengers of 1,223,000 during the year.

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, being an auxiliary business to passenger and freight transportation businesses, recorded a decline in the diesel sales volume of Sun Kong Petroleum Company Limited ("Sun Kong Petroleum"), as a result of the decline in the passenger and freight businesses caused by the epidemic. During the period, Sun Kong Petroleum recorded a sales volume of 29,000 tons for diesel, representing a year-on-year decrease of 71.0%. Benefiting from international airline agency, sales volume for engine oil remained stable year-on-year at 586,000 litres. Sun Kong Petroleum actively responded to the "Belt and Road" initiative and extended its industrial chain. It cooperated with Ming Wah (Singapore) Agency Pte. Ltd., a subsidiary of China Merchants, and obtained the exclusive agency right for the Green Fuel Max fuel treatment agent in Hong Kong and Macao. Besides, Sun Kong Petroleum together with China Marine Bunker Materials Agent Limited successfully won the bid of lubricant transportation, storage and distribution business from Sinopec. In addition, Sun Kong Petroleum strengthened business cooperation with major oil companies such as Shell so as to strive for best product price and successfully developed the Guangdong-Hong Kong cargo bunkering business by seizing the opportunity to attract more shipowners to become contract customers.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, Chu Ou Engineering and Technologies Company Limited ("Chu Ou Engineering", previously known as Cotai Chu Kong Shipping Management Services (Macau) Company Limited), whose main business is the maintenance and repair of property facilities, successfully tendered the renovation project of Macao Maritime and Water Affairs Bureau as well as the equipment maintenance project of the Municipal Administration. Chu Ou Engineering continued to give full play of its technological advantages, paid close attention to tender Information released by various government agencies and enterprises in Macao and strengthened cooperation with Chinese enterprises in Macao so as to actively develop long-term stable emerging projects. By reducing operating costs on the basis of ensuring service standard, Chu Ou Engineering will strive to develop business diversification.

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 31st December 2020, the Group secured a total credit facilities of HK$1,285,000,000 and RMB117,250,000 (equivalent to approximately HK$139,318,000) (2019: HK$1,184,000,000 and RMB260,000,000 (equivalent to approximately HK$290,243,000)) granted by bona fide banks.

As at 31st December 2020, the current ratio of the Group, calculated by dividing current assets by current liabilities, was 2.0 (2019: 2.5).

As at 31st December 2020, the Group's cash and cash equivalents amounted to HK$726,056,000 (2019: HK$869,271,000), which represented 15.9% (2019: 19.9%) of the total assets.

As at 31st December 2020, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 6.2% (2019: 5.3%) and the debt ratio, representing total liabilities divided by total assets, was 20.6% (2019: 21.2%).

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

Bank Loans	**As at 31st December 2020**	As at 31st December 2019
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	**100,000,000**	50,000,000
Bank located in China (Note 2)		
- Renminbi	**117,250,000 (equivalent to approximately HK$139,318,000)**	129,526,000 (equivalent to approximately HK$144,592,000)

Note:

1. The loans from banks located in Hong Kong in 2020 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in 2019 Annual Report.
2. The loans from banks located in China in 2020 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 2019 Annual Report.

CURRENCY STRUCTURE

As at 31st December 2020, 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 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 2020, the Group had no material contingent liabilities (2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 4th May 2020, the Company, New World First Holdings Limited, Sun Ferry and NWS Holdings Limited entered into a sale and purchase agreement, pursuant to which (i) the Company acquired 60% of the entire issued shares of Sun Ferry from New World First Holdings Limited, at a consideration of HK$232,800,000 and (ii) NWS Holdings Limited agreed to guarantee the performance of the obligations of New World First Holdings Limited under the sale and purchase agreement. The relevant acquisition was completed on 18th May 2020, and the financial results of Sun Ferry have been consolidated into the consolidated financial statements of the Group.

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 2020 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 13th May 2021 (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 not declared an interim dividend during the year (2019: HK3 cents per ordinary share, totaling: HK$33,635,000). The Directors have proposed a final dividend of HK2 cents (2019: HK3 cents) per ordinary share for the year ended 31st December 2020, totaling HK$22,423,000 (2019: HK$33,635,000) to Shareholders whose names appeared on the register of members on 28th May 2021. 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 7th May 2021 (Friday) to 13th May 2021 (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 13th May 2021 (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 6th May 2021 (Thursday) for registration.

The register of members of the Company will be closed from 26th May 2021 (Wednesday) to 28th 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 2020 to be approved at the AGM. In order to qualify for the final dividend for the year ended 31st December 2020, 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 25th May 2021 (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 18th June 2021 (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 2020 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 2020.

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. Mr. Chan and Mr. Chow retired on rotation at the annual general meeting held on 21st May 2020, and being eligible, offered themselves for re-election at the said meeting. Mr. Chan and Mr. Chow had already been re-appointed by separate resolution of the then 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 2020 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 2020.

As at the date of this announcement, the executive Directors are Mr. Huang Liezhang, Mr. Wu Qiang, Mr. Chen Jie 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
Wu Qiang
Managing Director

Hong Kong, 25th March 2021