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## **ANNOUNCEMENT OF 2021 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 2021 to the shareholders. The Group recorded a consolidated revenue of HK\$2,268,408,000 (2020: HK\$1,854,549,000), representing an increase of 22.3% as compared with last year. Operating profit amounted to HK\$130,773,000 (2020: 80,647,000) representing an increase of 62.1% as compared with last year. Affected by the substantial reduction in non-operating epidemic subsidies, profit attributable to the shareholders of the Company amounted to HK\$44,074,000 (2020: HK\$49,821,000), representing a decrease of 11.5% as compared with last year.

### **REVIEW**

In 2021, the ongoing COVID-19 epidemic had a significant adverse impact on the Group's overall performance. In response to the government's restrictions for epidemic prevention and control, except for the passenger route between Shekou and the Hong Kong International Airport, which maintains two to three one-way voyages every day, other cross-border waterway passenger routes still remain suspended, resulting in a huge operation pressure faced by the Group's cross-border passenger transportation and related ancillary businesses. Benefitting from the growth of the Group's integrated logistics business and local ferry business in Hong Kong, the impact of the great decline in cross-border passenger transportation and its related auxiliary businesses has been mitigated, which contributes to a relatively stable profit for the Group.

Facing continuously stacking challenges, the Group sought for opportunities in the crises, and actively participated in national strategic opportunities including the Guangdong-Hong Kong-Macao Greater Bay Area, the construction of Shenzhen Pilot Demonstration Zone “Dual Zones”, the construction of Hengqin and Qianhai Cooperation Zone, the “Belt and Road” Initiatives, etc., and accelerated the transformation and upgrading of the business. Under the circumstance of reducing government's anti-epidemic subsidies, the Group successfully minimised costs, obtained new profits, and maintained operational stability by exploring internal potentials, strengthening internal control, refining business procedures, extending logistical services, and acquiring new projects. Among these, the local ferry business in Hong Kong has maintained a good momentum of development, with a significant increase in the number of passengers. The rapid development of the modernised logistics segment has enhanced the profitability of the terminal logistics business. The new warehouse in Tuen Mun which covers an area of about 8,300 square meters has been completed, and other major projects such as the construction of Qingyuan New Port are also progressing in an orderly manner.

The terminal logistics business's logistics upgrading strategy has yielded impressive results. The Group had given full play to the advantage of vigorously developing the modern logistics segment through establishing storage logistics, construction logistics, integrated logistics, cold chain food distribution, cross-border e-commerce, and air freight logistics. Chu Kong Transshipment & Logistics Company Limited (“CKTL”) tendered many large-scale construction logistics projects in the development of the third runway of the Hong Kong International Airport. Meanwhile, the second inspection line of Tuen Mun Warehouse’s Hong Kong air cargo X-ray inspection business was put into operation, contributing to a significant increase in profitability of the air freight logistics business. The Group deepened the cooperation with the China Duty Free International Limited and introduced Macao e-commerce logistics business, which significantly increased the e-commerce logistics business volume. Furthermore, Doumen Port has established a dedicated route for material transit for residents of Guangdong and Macao. Besides, Doumen Port has successfully won the bid again for the cargo inspection project of Hong Kong-Zhuhai-Macao Bridge Zhuhai Port, and cooperated with a third party to set up a “Bridge Terminal Warehouse” platform for carrying out the Hong Kong-Zhuhai-Macao Bridge warehouse business and provided "one-stop" logistics services. During the year, Tianjin Liaison Office of Chu Kong (Guangdong) International Freight Forwarding Co., Ltd. was established and actively integrated into the new development pattern “Domestic-international Dual Circulation”, vigorously developing the domestic circulation market.

The Group has been progressively promoting its water public transportation strategy. Sun Ferry Services Company Limited (“Sun Ferry”) has successfully obtained the new phase of 5-year ferry service licenses for 3 outlying island ferry routes and 3 inner harbour ferry routes. As the outbound travel has been hampered by the COVID-19 pandemic, the incentive of local residents to visit outlying islands and participate in the festive activities during the holiday has increased, resulting in a significant increase in the number of passengers and farebox revenue of Sun Ferry. In addition, Sun Ferry signed a green ferry funding agreement with the Government of the Hong Kong Special Administrative Region, planning to build new vessels for the outlying island and the inner harbour ferry routes. The sightseeing cruise “Oriental Pearl” was successfully put into operation, becoming the first large-scale high-end sightseeing cruise offering Victoria Harbour tours in Hong Kong. The Group is also promoting the Hong Kong airport strategy and actively participating in the tendering of various services for the Hong Kong International Airport. Chu Kong Passenger Transport Company Limited (“CKPT”) successfully won the bid for the Hong Kong International Airport-related service projects such as the Hong Kong International Airport baggage handling project.

The fuel supply business improves continuously. Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”) successfully completed the acquisition of the Yau Ma Tei area refueling buoy project, becoming the only oil supplier in Hong Kong that legally owns a marine bunkering base. Additionally, Sun Kong Petroleum obtained a new annual operating license of the oil supplying system for the China Hong Kong City.

While successfully promoting several major projects, the Group conscientiously carried out cost-reduction measures, reasonably optimised human resources, strictly controlled various costs and expenses to relieve operating pressure.

## **OUTLOOK**

The COVID-19 epidemic remains severe in 2022, and it will continue to exert tremendous pressure on the Group's cross-border passenger transportation and related ancillary businesses. The Group will tightly grasp the strategic opportunities brought by the Domestic-international Dual Circulation, the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the promotion of high-quality development of inland rivers by the Government of Guangdong Province, and the “Belt and Road” initiatives. The Group will continue to promote five major strategies including logistics upgrading, water public transportation, Hong Kong airport, technology navigation and the “Belt and Road”, so as to deepen the reformation and innovation and expedite the transformation and upgrade of businesses. The Group will strive to overcome the significant adverse impact brought by the COVID-19 epidemic, achieve sustainable developments and create greater value for shareholders.

Firstly, the Group will thoroughly implement the “Logistics Upgrading Strategy”, focusing on the development of modern logistics businesses including construction logistics, air freight logistics, e-commerce logistics, supply chain logistics, duty free product storage, etc. The Group is planning to transform the new warehouse in Tuen Mun into a modernised integrated logistics warehouse which combines air freight logistics, integrated logistics, and high-end product storage. Besides, the Group's professional construction logistics centre located at Yau Ma Tei Terminal in Hong Kong was successfully put into operation in January 2022, with the aim of vigorously expanding the domestic and overseas building materials logistics market in the future. Moreover, the Group will actively participate in the integration of inland ports in the Guangdong Province as well as the development of a new comprehensive logistics centre that combines “Port, Industry, Park”, into one platform so as to expand the extension of the service industrial chain.

Secondly, the Group will thoroughly implement the “Water Public Transportation Strategy”. The Group will enhance the management and service capabilities of the local ferry business, with the aim of further promoting the local transportation livelihood business in Hong Kong. The Group will also promote the integration of resources in the cross-border passenger transportation market in order to build a passenger transport hub network in the Guangdong-Hong Kong-Macao region. The Group will actively develop the water cultural tourism business, endeavor to carry out the new business of “Water Passenger Transportation + Tourism and Sightseeing”.

Thirdly, the Group will thoroughly implement the “Hong Kong Airport Strategy”. The Group will actively participate in the bidding for the strategic quality projects of the Hong Kong International Airport, aggressively expand the businesses related to the construction of the third runway, deeply participate in the Hong Kong International Airport’s core businesses, such as passenger services and supporting facilities management, and strive to become an integrated service provider of the Hong Kong International Airport.

Fourthly, the Group will thoroughly implement the “Belt and Road Strategy”. The Group will accelerate the establishment of logistics business outlets in the ASEAN region, acquisition of investment projects with synergistic value, establishment of overseas bases, and actively explore the markets along the “Belt and Road”.

## **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 and all these measures had been effective

Apart from conscientiously preparing the best in epidemic prevention and control, the Group earnestly fulfilled the corporate social responsibility, leveraged on the advantages of water transportation in the Guangdong-Hong Kong-Macao Greater Bay Area, opened up emergency waterway transportation routes, and made every effort to ensure the supply of the livelihood resources, epidemic prevention and anti-epidemic items in Hong Kong.

## **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 “Set Sail for New Journey, Set Sail for Start Off Again” as we strive to create value for shareholders, and make further contributions towards the prosperity of Guangdong, Hong Kong and Macao.

**Liu Guanghui**  
*Chairman*

Hong Kong, 23rd March 2022

## ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31st December 2021, together with the comparative figures for the corresponding period in 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER 2021

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Revenue	4	<b>2,268,408</b>	1,854,549
Cost of sales/services rendered		<b>(2,007,156)</b>	(1,668,423)
<b>Gross profit</b>		<b>261,252</b>	186,126
Other income		<b>166,243</b>	181,619
Other gains, net	8	<b>4,313</b>	3,472
General and administrative expenses		<b>(301,035)</b>	(290,570)
<b>Operating profit</b>		<b>130,773</b>	80,647
Finance income		<b>10,051</b>	22,337
Finance cost		<b>(11,508)</b>	(10,116)
Share of profits less losses of :			
- Joint ventures		<b>(25,212)</b>	(20,192)
- Associates		<b>(9,970)</b>	1,808
<b>Profit before income tax</b>	7	<b>94,134</b>	74,484
Income tax expense	9	<b>(27,861)</b>	(9,186)
<b>Profit for the year</b>		<b>66,273</b>	65,298
<b>Attributable to:</b>			
Equity holders of the Company		<b>44,074</b>	49,821
Non-controlling interests		<b>22,199</b>	15,477
		<b>66,273</b>	65,298
<b>Earnings per share (HK cents)</b>	<i>11</i>		
Basic and Diluted		<b>3.93</b>	4.44

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2021**

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<b>66,273</b>	65,298
	-----	-----
<b>Other comprehensive income for the year:</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Unlisted equity security at fair value through other comprehensive income – change in fair value, net off HK\$nil tax effect	-	(65)
	-----	-----
	-	(65)
	-----	-----
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>		
Currency translation differences, net off HK\$nil tax effect:		
- Subsidiaries	<b>48,496</b>	87,648
- Joint ventures and associates	<b>12,613</b>	25,252
Cash flow hedges:		
Net movement in the hedging reserve, net of HK\$3,582,000 tax effect (2020: HK\$3,582,000)	<b>(18,127)</b>	18,127
	-----	-----
<b>Other comprehensive income for the year</b>	<b>42,982</b>	130,962
	-----	-----
<b>Total comprehensive income for the year</b>	<b>109,255</b>	196,260
	=====	=====
<b>Attributable to:</b>		
Equity holders of the Company	<b>90,225</b>	165,197
Non-controlling interests	<b>19,030</b>	31,063
	-----	-----
	<b>109,255</b>	196,260
	=====	=====

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2021**

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,173,976	2,013,501
Investment properties		51,946	51,734
Land use rights		374,052	378,265
Intangible assets		239,821	237,809
Investments in joint ventures		349,096	377,532
Investments in associates		107,622	121,679
Other financial asset		1,743	1,743
Deferred income tax assets		1,044	1,178
		<hr/>	<hr/>
		<b>3,299,300</b>	3,183,441
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories and spare parts		27,134	32,356
Trade and other receivables	5	325,120	385,183
Loan to a joint venture		1,223	2,376
Tax recoverable		-	6,252
Structured bank deposits		-	238,050
Cash and cash equivalents		1,045,089	726,056
		<hr/>	<hr/>
		<b>1,398,566</b>	1,390,273
		<hr/>	<hr/>
<b>Total assets</b>		<b>4,697,866</b>	4,573,714
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital		1,415,118	1,415,118
Reserves		1,815,305	1,866,484
		<hr/>	<hr/>
		<b>3,230,423</b>	3,281,602
Non-controlling interests		320,771	349,919
		<hr/>	<hr/>
<b>Total equity</b>		<b>3,551,194</b>	3,631,521
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
**AS AT 31ST DECEMBER 2021**

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		100,782	99,681
Deferred income		3,849	5,471
Lease liabilities		76,379	19,187
Long term borrowings		181,757	126,842
		<u>362,767</u>	<u>251,181</u>
<b>Current liabilities</b>			
Trade payables, accruals and other payables	6	434,817	479,135
Amounts due to the non-controlling interests		46,769	78,550
Derivative financial liabilities		-	3,006
Income tax payables		6,931	-
Lease liabilities		29,310	17,845
Short term borrowings		250,000	100,000
Current portion of long term borrowings		16,078	12,476
		<u>783,905</u>	<u>691,012</u>
<b>Total liabilities</b>		<u>1,146,672</u>	<u>942,193</u>
<b>Total equity and liabilities</b>		<u>4,697,866</u>	<u>4,573,714</u>
<b>Net current assets</b>		<u>614,661</u>	<u>699,261</u>
<b>Total assets less current liabilities</b>		<u>3,913,961</u>	<u>3,882,702</u>



## NOTES:

### 1. Statement of compliance

The financial information relating to the years ended 31st December 2021 and 2020 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 2020 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 2021 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 2021 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 HKICPA has issued the following amendments to HKFRSs that are first effective for the current account period of the Group:

- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30th June 2021*
- Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS16, *Interest rate benchmark reform – phase 2*

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

### 3. Principal accounting policies (Continued)

#### (ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31st December 2021

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 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the conceptual framework</i>	1st January 2022
Amendments to HKFRS 16, <i>Property, plant and equipment: Proceeds before intended use</i>	1st January 2022
Amendments to HKAS 37, <i>Onerous contracts - cost of fulfilling a contract</i>	1st January 2022
Annual Improvements to HKFRSs 2018-2020 cycle	1st January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1st January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1st January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1st January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1st January 2023

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.

	2021	2020
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Cargo transportation	1,499,058	1,197,322
Cargo handling and storage	407,852	328,623
Passenger transportation	273,664	161,854
Fuel supply	71,111	86,306
Corporate and other businesses	16,723	80,444
	<u>2,268,408</u>	<u>1,854,549</u>

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

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

- (i) Cargo transportation – Shipping agency, river trade cargo direct shipment and transshipment and container handling and trucking
- (ii) Cargo handling and storage – Wharf cargo and container handling, cargo consolidation and godown storage
- (iii) Passenger transportation – Passenger transportation agency services, travel agency operation and passenger carrier service and provision of ferry services and charter hire of vessels services
- (iv) Fuel supply – Oil trading and marine bunkering service
- (v) Corporate and other businesses – Investment holding, 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)

	<b>Cargo Transportation</b>	<b>Cargo handling and storage</b>	<b>Passenger transportation</b>	<b>Fuel supply</b>	<b>Corporate and other businesses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31st December 2021</b>						
Total revenue	1,594,866	559,199	273,664	165,598	33,077	2,626,404
Inter-segment revenue	(95,808)	(151,347)	-	(94,487)	(16,354)	(357,996)
<b>Revenue (from external customers)</b>	<u>1,499,058</u>	<u>407,852</u>	<u>273,664</u>	<u>71,111</u>	<u>16,723</u>	<u>2,268,408</u>
Timing of revenue recognition						
At a point in time	-	-	-	71,111	589	71,700
Over time	1,499,058	407,852	273,664	-	16,134	2,196,708
	<u>1,499,058</u>	<u>407,852</u>	<u>273,664</u>	<u>71,111</u>	<u>16,723</u>	<u>2,268,408</u>
Segment profit / (loss) before income tax expense	26,445	59,682	(39,498)	(6,011)	53,516	94,134
Income tax expense	(2,735)	(16,580)	(2,936)	(28)	(5,582)	(27,861)
Segment profit / (loss) after income tax expense	<u>23,710</u>	<u>43,102</u>	<u>(42,434)</u>	<u>(6,039)</u>	<u>47,934</u>	<u>66,273</u>
Segment profit / (loss) before income tax expense includes:						
Finance income	519	930	76	7	8,519	10,051
Finance cost	(852)	(8,166)	(1,494)	(10)	(986)	(11,508)
Depreciation and amortisation	(12,990)	(112,638)	(30,454)	(3,210)	(7,617)	(166,909)
Share of profits less losses of:						
Joint ventures	3,828	999	(30,039)	-	-	(25,212)
Associates	-	4,860	(14,830)	-	-	(9,970)

4. Revenue and segment information (Continued)

	<b>Cargo Transportation</b>	<b>Cargo handling and storage</b>	<b>Passenger transportation</b>	<b>Fuel supply</b>	<b>Corporate and other businesses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31st December 2020</b>						
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)
<b>Revenue (from external customers)</b>	<b>1,197,322</b>	<b>328,623</b>	<b>161,854</b>	<b>86,306</b>	<b>80,444</b>	<b>1,854,549</b>
Timing of revenue recognition	-	-	2,066	86,306	820	89,192
At a point in time	1,197,322	328,623	159,788	-	79,624	1,765,357
Over time	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)

	<b>Cargo Transportation</b> HK\$'000	<b>Cargo handling and storage</b> HK\$'000	<b>Passenger transportation</b> HK\$'000	<b>Fuel supply</b> HK\$'000	<b>Corporate and other businesses</b> HK\$'000	<b>Inter segment elimination</b> HK\$'000	<b>Total</b> HK\$'000
<b>As at 31st December 2021</b>							
<b>Total segment assets</b>	555,776	2,757,458	902,893	132,475	1,949,477	(1,600,213)	4,697,866
Total segment assets include:							
Joint ventures	42,151	133,411	173,534	-	-	-	349,096
Associates	-	45,969	61,653	-	-	-	107,622
Additions to non-current assets (excluding deferred income tax assets)	4,429	161,711	53,733	23,129	6,832	-	249,834
<b>Total segment liabilities</b>	(389,906)	(817,312)	(291,624)	(47,656)	(1,200,387)	1,600,213	(1,146,672)

4. Revenue and segment information (Continued)

	<b>Cargo Transportation</b> HK\$'000	<b>Cargo handling and storage</b> HK\$'000	<b>Passenger transportation</b> HK\$'000	<b>Fuel supply</b> HK\$'000	<b>Corporate and other businesses</b> HK\$'000	<b>Inter segment elimination</b> HK\$'000	<b>Total</b> HK\$'000
<b>As at 31st December 2020</b>							
<b>Total segment assets</b>	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
<b>Total segment liabilities</b>	(393,188)	(759,925)	(242,353)	(33,775)	(982,021)	1,469,069	(942,193)



#### 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:

	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets excluding joint ventures and associates, other financial asset and deferred income tax assets</b>		
Hong Kong	1,393,968	1,339,860
Mainland China	1,445,827	1,341,449
	<u>2,839,795</u>	<u>2,681,309</u>
	-----	-----
<b>Joint ventures and associates</b>		
Hong Kong	44,306	60,623
Singapore	19,399	16,968
Mainland China	393,013	421,620
	<u>456,718</u>	<u>499,211</u>
	-----	-----
<b>Other financial asset</b>	1,743	1,743
<b>Deferred income tax assets</b>	1,044	1,178
	<u>1,044</u>	<u>1,178</u>
	-----	-----
	<u>3,299,300</u>	<u>3,183,441</u>
	=====	=====

## 5. Trade and other receivables

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within 3 months	<b>151,244</b>	154,874
4 to 6 months	<b>10,760</b>	45,863
7 to 12 months	<b>2,692</b>	27,945
Over 12 months	<b>27,972</b>	25,660
	<hr/>	<hr/>
	<b>192,668</b>	254,342
Less: loss allowance recognised	<b>(2,169)</b>	(4,157)
	<hr/>	<hr/>
	<b>190,499</b>	250,185
	<hr/> <hr/>	<hr/> <hr/>

## 6. Trade payables, accruals and other payables

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within 3 months	<b>147,473</b>	203,469
4 to 6 months	<b>16,949</b>	7,037
7 to 12 months	<b>15,866</b>	1,691
Over 12 months	<b>11,121</b>	4,097
	<hr/>	<hr/>
	<b>191,409</b>	216,294
	<hr/> <hr/>	<hr/> <hr/>

## 7. Profit before tax

	2021 HK\$'000	2020 HK\$'000
Amortisation of land use rights	11,787	11,215
Depreciation of property, plant and equipment	152,046	137,424
Depreciation of investment properties	1,306	3,518
Amortisation of intangible assets	1,770	1,535
Lease payments for short-term leases		
- vessels and barges	140,746	132,804
- buildings	4,164	4,384
Staff costs (including directors' emoluments)	549,786	472,088
	<u>          </u>	<u>          </u>

## 8. Other gains, net

	2021 HK\$'000	2020 HK\$'000
Exchange gains, net	3,870	2,177
Gain on disposals of property, plant and equipment	4,341	1,090
Impairment loss of property, plant and equipment	(2,835)	-
Loss on disposal of a subsidiary	-	(590)
(Provision) / reversal for impairment of trade receivables, net	(1,063)	795
	<u>          </u>	<u>          </u>
	<u>4,313</u>	<u>3,472</u>

## 9. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 25%). Macao profits tax has been provided at the rate of 12% (2020: 12%) on the estimated assessable profit for the year.

	2021 HK\$'000	2020 HK\$'000
Current income tax		
- Hong Kong profits tax	13,414	3,552
- PRC corporate income tax	14,483	5,129
- Under / (over) provision in prior years	7	(1,991)
Deferred income tax expense	(43)	2,496
	<u>27,861</u>	<u>9,186</u>

## 10. Dividends

On 23rd March 2022, the board of directors resolve to propose a final dividend of HK2 cents per ordinary share for 2021 (2020: HK2 cents per ordinary share) for the year ended 31st December 2021. 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 2020, amounting to HK\$22,423,000 (2020: HK\$33,635,000).

	2021 HK\$'000	2020 HK\$'000
Final, proposed, of HK2 cents (2020: HK2 cents) per ordinary share	<u>22,423</u>	<u>22,423</u>

## 11. Earnings per share

### Basic

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

	2021	2020
Profit attributable to equity holders of the Company (HK\$'000)	<u>44,074</u>	<u>49,821</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,121,167</u>	<u>1,121,167</u>
Basic earnings per share (HK cents)	<u>3.93</u>	<u>4.44</u>

Diluted earnings per share for the years ended 31st December 2021 and 2020 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 2021, the Group recorded a consolidated revenue of HK\$2,268,408,000, representing an increase of 22.3% over the same period last year. Operating profit amounted to HK\$130,773,000 (2020: 80,647,000) representing an increase of 62.1% over the same period last year. Affected by the substantial reduction in non-operating epidemic subsidies, profit attributable to the shareholders of the Company amounted to HK\$44,074,000, representing a decrease of 11.5% over the same period last year.

In 2021, the COVID-19 epidemic situation remained volatile continuously, resulting in slow global economic recovery, imbalanced world trade import and export patterns, and lagging return of empty containers in European and American ports. In addition to the chain effect led by "Black Swan Events", such as the obstruction of the Suez Canal and the rapid outbreak of epidemic in Yantian Port, the navigation market was volatile. Meanwhile, the number of visitors to Hong Kong maintained a stagnant situation due to the unabated efforts to prevent and control the epidemic. Compared with the same period last year, parts of the Group's terminal logistics business recorded a decline in performance, the waterway passenger transportation business was still in a trough. However, the local ferry transportation business in Hong Kong has maintained a steady growth. Facing the challenges from the external environment, the Group sought opportunities in crises and actively innovated. The Group further promoted the logistics upgrading strategy as well as the water public transportation strategy as needed. While implementing the Hong Kong airport strategy with centralised superior resources, the Group also steadily promotes the "Belt and Road" strategy. The Group comprehensively improves corporate governance, strives for transformation and upgrading, and achieves leapfrog development by implementing the technological navigation strategy precisely.

Regarding the cargoes transportation business, the Group continued to leverage on advantages of the terminals' network within the Guangdong-Hong Kong-Macao Greater Bay Area by combining "Master Plan of the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin" and the "The Plan for Comprehensive Deepening Reform & Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone," adhered to synergistic development on both domestic and foreign trade businesses and developed diversified businesses. By actively expanding "Composite Ports," construction logistics, and livelihood material transportation, the Group enriched its diversity of cargo portfolio and effectively extended its logistics business chain. During the year, the container transportation volume reached 1,415,000 TEU, representing a year-on-year increase of 3.7%, while break bulk cargoes transportation volume reached 655,000 tons, representing a year-on-year decrease of 33.4%. As for the cargo handling business, the container handling volume reached 1,158,000 TEU, representing a year-on-year increase of 1.5%, while the break bulk cargoes handling volume reached 7,851,000 tons, representing a year-on-year decrease of 36.5%, and the container hauling and trucking volume amounted to 226,000 TEU, representing a year-on-year increase of 1.8%.

## BUSINESS REVIEW (Continued)

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. Apart from the resumption of limited services of the one-way route from Shekou to the Hong Kong International Airport, other waterway passenger routes including Guangdong-Hong Kong and Hong Kong-Macao not yet resumed, which results in a significant decline in relevant business operation indicators of cross-border waterway passenger transportation compared with the same period last year. With the completion of the acquisition of the remaining 40% equity interest in Sun Ferry at the end of 2021, Sun Ferry has become a wholly-owned subsidiary of the Company. It is expected that the local ferry business will bring more stable income to the Group. During the year, the total number of passengers for agency services was 104,000, representing a year-on-year decrease of 74.9%. The number of passengers for terminal services was 104,000, representing a year-on-year decrease of 72.0%. The number of passengers for local ferry transportation services was 12,803,000, representing a year-on-year increase of 13.5%.

### I. TERMINAL NAVIGATION LOGISTICS BUSINESS

#### 1. Cargo Transportation Business

##### *Business Operation Indicators*

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

Indicators	For the year ended 31st December		
	2021	2020	Change
Container transportation volume (TEU)	<b>1,415,000</b>	1,365,000	3.7%
Break bulk cargoes transportation volume (revenue tons)	<b>655,000</b>	983,000	-33.4%
Volume of container hauling and trucking on land (TEU)	<b>226,000</b>	222,000	1.8%

##### *Subsidiaries*

During the year, under the continuous impact of COVID-19 epidemic, CKTL rose to the challenge, developed on the fundamental of stabilised operations, actively expanded into innovative projects, achieving balanced development on both operation and project development. The container transportation volume for the year recorded 1,415,000 TEU, representing a year-on-year increase of 3.7%. The volume of container hauling and trucking on land recorded 226,000 TEU, representing a year-on-year increase of 1.8%. Due to the completion of the sand supply project for the third runway of the Hong Kong International Airport, the volume of large-scale break bulk cargoes transportation decreased to 655,000 tons, representing a decrease of 33.4% compared with last year.

### *Subsidiaries (Continued)*

CKTL insists on improving quality and efficiency, developing emerging businesses, deepening cooperation between cargo terminals and navigation, and consolidating its competitive strength. In terms of the progress of infrastructure projects, the inspection and acceptance check of the new warehouse in Tuen Mun was completed at the end of 2021. In order to empower business transformation and upgrading, and providing an important strategic anchor for strengthening the development of high-end warehousing and logistics business in the Greater Bay Area, CKTL plans to focus on developing air freight business and e-commerce logistics. By identifying the needs of customers and combining its own advantages, in terms of the construction logistics, CKTL had successfully undertaken a local logistic and transportation project for the third runway of Hong Kong International Airport and a Greater Bay Area logistic project from Beijing Urban Construction Group Co., Ltd., as well as a transportation project of the cement prefabricated parts and shield machine for the Hong Kong - Central Kowloon Route. Besides, CKTL won a tender for the ultra-high and ultra-wide vehicle transportation business of Jangho Curtain Wall Co., Ltd for Hong Kong Kai Tak, Melco Macao and Galaxy Macao, and was successfully shortlisted for the construction contract supplier of Gammon Construction. In terms of the e-commerce logistics, CKTL continued to strengthen cooperation with China Duty Free Group (“CDFG”), optimised operational procedures, improved service quality, and successfully won incremental businesses such as e-commerce logistics in Macao. In terms of the domestic trade forwarding market, the Tianjin Liaison Office of Chu Kong (Guangdong) International Freight Forwarding Co., Ltd. was established during the year. The office actively integrated into the new development pattern of "Domestic-international Dual Circulation" and vigorously developed the domestic circulation market. In terms of the overseas layout, CKTL will strive to complete the establishment of Vietnamese outlets as soon as possible, improve the strategic layout of the “Belt and Road”, and penetrate the freight forwarding market of ASEAN countries.

Regarding the air freight business, CKTL actively explored the prospect of air freight business based on the Greater Bay Area airport strategy and “The Bridge Economy”. During the year, the business volume of air freight warehouse business increased by 102% year-on-year, and the gross profit increased by 2 times compared with the previous year. Moreover, CKTL successfully developed a number of air cargo warehouse customers and expanded its service scope by obtaining the US Transportation Security Administration qualification for Cathay Pacific America Line. The implementation of 100% air cargo screening measures has also brought opportunities to the CKTL's X-ray machine inspection business. In the first quarter, the second X-ray machine was put into operation. Complementing air cargo palletisation and land-based surveillance distribution, CKTL established a comprehensive air freight warehouse operation platform which combined the air freight forwarding and warehouse businesses organically, enhancing the overall competitiveness in the air freight market.



## 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		
	2021	2020	Change
Container handling volume (TEU)	<b>1,158,000</b>	1,141,000	1.5%
Volume of break bulk cargoes handled (revenue tons)	<b>7,851,000</b>	12,364,000	-36.5%

### *Subsidiaries*

During the year, the Group's overall container handling volume maintained a steady growth of 1.5% year-on-year despite the adverse impact of the pandemic. Leveraging on the competitive advantages of the port network, each subsidiary of the Group continuously optimises and integrates business models, actively develops business, improves the development quality, adheres to the distinctive operation, and achieves steady development.

The subsidiaries located in the Zhaoqing region had proactively coordinated and integrated business resources, innovated and improved the business model, focused on realising the strategic transformation of cargo terminals and navigation and promoted the Greater Bay Area composite ports project with China Merchants Port South China Operation Center. The project achieved full coverage, with a total of 170,000 TEU of overall container handling volume, representing a year-on-year increase of 4.1%. Affected by the epidemic and environmental protection supervising policies, the overall break bulk cargoes handling volume recorded 5,617,000 tons, representing a year-on-year decrease of 49.9%. During the year, Zhaoqing New Port took advantage of its self-owned trailers to strengthen communication with domestic trade shipping companies and actively explored foreign trade customers of renewable resources. The container handling volume increased by 20.1% year-on-year, realising domestic and foreign trade synergy. Sihui Port increased its domestic trade bulk cargo handling business during the year. Sand, gravel, cement, and other building materials business became a new growth point and breakthrough and the bulk cargo handling volume recorded 278,000 tons. Within the same year, Gaoyao Port realised the transformation and upgrading from purely foreign trade to domestic and foreign trade. By deepening cooperation with domestic trade shipowners, the port seized market opportunities, optimised the structure of cargo sources, promoted the intelligent terminal of the composite ports project, and improved the efficiency of port operations. The additional sand and gravel conveyor belt at the Kangzhou Port was put into operation during the year. While continuing to expand the sand and gravel handling business, the port comprehensively improved the terminal's pollution prevention capability in order to achieve green operation

### *Subsidiaries (Continued)*

The overall container handling volume in the Foshan region amounted to 438,000 TEU, representing a year-on-year increase of 0.4%, while the bulk cargo handling volume was 253,000 tons, representing a significant increase of 94.8% year-on-year. During the period, the container handling volume at Gaoming Port recorded 336,000 TEU, a decrease of 3.6% from the same period last year. Foshan Gaoming Port has seized the new opportunity of "Dual Districts and Dual Cores," identified the new development pattern, operated and connected internally and externally, and cooperated with China Merchants Port to launch the pioneering "Gaoming-Shekou" composite ports model. Furthermore, the port successfully started comprehensive logistics business, imported renewable resources, land-to-water transportation, composite ports and other new business forms while orderly promoting cross-border e-commerce business and optimising the port business environment.

During the period, the container handling volume at Qingyuan Port recorded 102,000 TEU, representing a year-on-year increase of 16.4% and hitting a record high of exceeding 100,000 TEU. The break bulk cargoes handling volume was 220,000 tons, representing a significant year-on-year increase of 205.4%. Both domestic and foreign trade businesses performed well. Qingyuan Port cooperated with CKTL to strengthen business synergy, optimise the marketing strategy, and achieve balanced domestic and foreign exchange development. Qingyuan Port also innovatively launched the crane sharing model for domestic and foreign trade to speed up the turnover of goods and achieve cost reduction and efficiency improvement. While implementing preferential measures to reduce customer costs and consolidating the essential supply of goods, the port explored, cultivated, and successfully introduced new businesses such as cotton yarn and food. Qingyuan Port achieved a year-on-year increase of 23.4% in revenue and a 201.2% year-on-year increase in net profit, creating a "double growth" in revenue and profit against the trend.

### *Subsidiaries (Continued)*

The overall container handling volume in the Zhuhai region recorded 200,000TEU, representing a year-on-year decrease of 9.4%; the overall break bulk cargoes handling volume recorded 1,168,000 tons, representing a year-on-year increase of 227.5%. During the year, due to the impact of the epidemic, the cold chain business of Civet Port was suspended in September 2021, resulting in a decline in container handling volume. The accumulated container handling volume was 150,000 TEU, representing a year-on-year decrease of 13.1%. Taking the Hong Kong-Zhuhai-Macao Bridge as an opportunity, Civet Port has become the only terminal in Zhuhai that accepts freight vehicles from China and Hong Kong. The port facilitated the steady development of storage business, promoted the acceptance of Hong Kong-Zhuhai-Macao warehouses and frozen product inspection platforms, and achieved remarkable results in diversified operations. The port coordinated the deployment of cross-border e-commerce and explored new business forms of Zhuhai-Macao interconnection. The container handling volume at Doumen Port recorded 50,000 TEU, representing a year-on-year increase of 4.1%; the break bulk cargoes handling volume recorded 918,000 tons, representing a significant year-on-year of 10 times, mainly due to the substantial increase in domestic trade bulk cargo handling. Doumen Port delved into "The Bridge Economy", successfully established the "Bridge-Port Warehouse" platform, provided "one-stop" logistics services for DHL, and built a new engine for road and bridge linkage together with "One Bridge"; Doumen Port won the bid twice for the port cargo inspection project of Hong Kong-Zhuhai-Macao Bridge (Zhuhai highway) and added new momentum to the promotion of terminal logistics upgrading strategy. Smoothly opened the route for the transportation of Macao livelihood materials and steadily promoted the new business of sand lighterage and sand supply to Hong Kong and Macao, the port provided a strong guarantee for the mutually beneficial development of cities in the Greater Bay Area. Taking the prototype of the terminal featuring the development of construction materials handling business as the development orientation, the Doumen Port actively seized the planned development opportunities of the intelligent industrial park, successfully carried out the "Waste Mud Transfer Project", created new source of profit growth, and turned profit during the year.

Zhongshan Huangpu Port has stabilised and made breakthroughs in foreign trade competition, consolidated domestic trade promotion, and actively explored new customers of pumice and electrical appliances based on exploring potential existing major customers. However, a severe shortage of containers and shipping spaces due to the epidemic gave rise to the soaring shipping price and diminishing customers' trading intentions. During the year, the container handling volume recorded 29,000 TEU, representing a year-on-year decrease of 18.8%; Zhongshan Huangpu Port newly added the foreign trade break bulk cargo business, and the break bulk cargoes handling volume recorded 139,000 tons, representing a year-on-year increase of 45.6%. The successful implementation of the "Zhongshan Huangpu-Shekou" composite ports project during the year will help Zhongshan Huangpu Port fully utilise the advantages of an abundant supply of manufacturing goods in the port's economic hinterland and achieve seamless connection with international coastal terminals. A temporary LNG filling station was successfully put into operation and became China's most prominent green shipping demonstration project. Zhongshan Huangpu Port also innovatively launched the break bulk cargo business model of "Internals to Externals + Collection to Distribution", unified management and settlement of barge companies and their agency trailer business, revitalised idle land, increased company's revenue through multiple measures, and dealt with the challenges of the epidemic through a multi-pronged approach.

### ***Subsidiaries (Continued)***

The performance of the terminals in the Hong Kong region was remarkable, with the container handling volume reaching 321,000 TEU, representing an increase of 12.5% over the previous year; the break bulk cargoes handling volume recorded 674,000 tons, representing a year-on-year increase of 18.8%. During the year, CKTL gave full play to the synergistic function of the "Large-scale transshipment" system and successfully won the bids for several relatively large-scale integrated logistics and engineering logistics projects, such as Esquel Enterprises Ltd. integrated logistics project and Gammon Construction logistics project. The new and fully operational Tuen Mun warehouse has provided room for developing integration of the Chu Kong Godown Wharf into the airport strategy and brought new profit-making opportunities for the air freight business and e-commerce logistics. Apart from continuously deepening the strategic cooperation with CDFG and actively developing e-commerce supply chain business, terminals in Hong Kong region took a professional management path and made a diversified business layout.

### ***Joint Ventures and Associates***

The terminals in the Jiangmen region include 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 330,000 TEU, representing a year-on-year increase of 11.4%; the break bulk cargoes handling volume recorded 123,000 tons, representing a year-on-year increase of 6.3%. During the year, the container handling volume at Heshan Port recorded 181,000 TEU, representing a year-on-year increase of 35.0%. Affected by the adverse impact of the overseas epidemic, the foreign trade container business volume of Heshan Port has declined. However, the overall container handling volume still recorded a relatively large increase as the domestic trade container handling volume nearly doubled, compared to the result from last year. The volume of bulk cargo such as steel has increased significantly, leading to the foreign-trade break bulk cargoes handling volume rising by 124.7% year-on-year. The break bulk cargoes handling volume of Sanbu Port for the year was 71,000 tons, representing a year-on-year increase of 62.7%. Sanbu Port carried out comprehensive logistics projects focusing on foreign bulk customers and introduced bulk steel and wheat bulk cargo handling business. The break bulk cargoes business thus achieved a significant increase, which offset the impact of the decline in container volume due to the epidemic and the coal-to-gas policy to the greatest extent.

*Joint Ventures and Associates (Continued)*

The two terminals in the Foshan region include two ports, namely Foshan Nankong Terminal Co., Ltd. and Chu Kong Cargo Terminals (Beicun) Co., Ltd.. Among them, Foshan Nankong Terminal Co., Ltd. terminated its operation in August 2021, due to the expiration of its operation period, resulting in a decline in the overall handling volume of the region. The total container handling volume recorded 93,000 TEU, representing a year-on-year decrease of 28.8%. During the year, the container handling volume at Foshan Nankong Port recorded 57,000 TEU while the break bulk cargoes handling volume recorded 49,000 tons. The container handling volume at Foshan Beicun Port recorded 36,000 TEU, representing a year-on-year increase of 5.0%. Beicun Port seized the opportunity of closing the Nankong Port, introduced nearly 30% trade container sources and 65% of the bulk cargo business of the former Nankong Port, and established a long-term cooperative relationship with several well-known enterprises. The port strives to build a professional grain terminal by providing rice merchants with "one-stop" services throughout the rice supply chain, such as import booking agency, terminal declaration and sales and transportation agency. At the same time, Beicun Port expanded the foreign trade bulk cargo business such as steel, and the volume of foreign trade bulk cargo handling reached 109,000 tons annually, representing a year-on-year increase of 21.5%. Due to the expropriations of the lands for wharves and buildings erected on the ground at Foshan New Port Limited, its operation was suspended with no operating activity during the year. All business operations of Foshan 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:

<b>Indicators</b>	<b>For the year ended 31st December</b>		
	<b>Number of Passengers (in thousands)</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
Number of passengers for agency services	<b>104</b>	415	-74.9%
Number of passengers for terminal services	<b>104</b>	372	-72.0%
Number of passengers for local ferry transportation ( <i>Note</i> )	<b>12,803</b>	11,284	13.5%

*Note: The number of passengers for local ferry transportation was the passenger volume of Sun Ferry. Although the acquisition of Sun Ferry was completed in May 2020, the calculation of passenger volume in 2020 was also started from January to facilitate comparison.*

### *Subsidiaries*

Affected by the global COVID-19 epidemic, most of the Group's Guangdong-Hong Kong and Hong Kong-Macao cross-border waterway passenger terminals have been closed since then. During the year, only the one-way route from Shekou to Hong Kong International Airport maintained limited service, and cross-border passenger transportation business was at a standstill. During the year, the total number of passengers for agency services of CKPT was 104,000, representing a year-on-year decrease of 74.9%; the number of passengers for terminal services was 104,000, representing a year-on-year decrease of 72.0%.

Regarding urban routes, 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 overall cross-border passenger transportation business operations of the Group had been facing severe challenges.

Regarding airport routes, the number of passengers served during the year was 104,000, representing a year-on-year decrease of 74.9%. 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. Meanwhile, the route from Shekou to the Hong Kong International Airport resumed at the end of October 2020, maintaining the operation of two to three "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, under the premise that the epidemic situation will improve in the future, the airport routes would usher in good benefits for the Group.

### *Subsidiaries (Continued)*

Regarding local ferry services, the Group completed the acquisition of the remaining 40% equity interest in Sun Ferry at the end of 2021, and Sun Ferry has since become a wholly-owned subsidiary of the Company. During the year, the business performance of Sun Ferry was stable, and despite the unfavorable environment affected by the epidemic, it still set a record in passenger traffic during the Chinese New Year and Ching Ming holidays. At the beginning of the year, Sun Ferry successfully obtained the new phase of ferry service licenses for three inner harbour routes, achieving the convergence and continuation of core business and laying a solid foundation for strengthening, optimising and growing the local's livelihood business and implementing strategic goals of water public transportation. In November 2021, Sun Ferry signed a subsidy agreement for the electric ferry pilot scheme with the Environmental Protection Department of the Hong Kong Special Administrative Region Government, actively seized the opportunities for the renewal and development of green ferries, and promoted the implementation of Hong Kong's green environmental protection policies. The Group's wholly-owned holding of Sun Ferry can give full play to the synergy effect of various business segments of the Group, reduce overall costs, and bring long-term stable returns to the Group. During the year, the number of passengers recorded 12,803,000, representing a year-on-year increase of 13.5%.

Regarding water cultural tourism business, in order to build up reputation for Hong Kong's water tourism, Cotai Chu Kong Shipping Management Services Company Limited has put the sightseeing cruise "Oriental Pearl" into operation on 1st October 2021. The first large-scale high-end cruise ship for Victoria Harbour tour services has given new impetus to the Group to accelerate the promotion of innovation and upgrading of water tourism projects and continue to deepen the strategy of Hong Kong. During the year, a total of 249 flights were operated, with a passenger flow of 13,600.

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 minimise 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 International Airport business by actively participating in the bidding of new projects. During the year, CKPT successfully won the bid for the Hong Kong International Airport baggage handling service project and helipad vehicle sharing project. 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 China Hong Kong City. Moreover, the Group seeks to connect aviation cooperation resources and improve the sea-air combined transport service chain. CKPT signed the "Sea-air Combined Transport Cooperation Agreement" with China Southern Airlines in early November 2021 to carry out cooperation in code sharing, check-in service, baggage service, and "Aircraft & Ship" intermodal transportation. The Group strives to implement various financial subsidies while seeking supportive industry policies so as to effectively mitigate the operation pressure during the epidemic.

### ***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 104,000, representing a year-on-year decrease of 62.6% and demonstrating a narrower decline. Zhongshan - Hong Kong Passenger Shipping Co-op Co., Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. were suspended across the board.

Also affected by the epidemic, the Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd., an associate company of the Group, has recorded a sharp drop in the frequency of departures and the limited passenger capacity of the Hong Kong-Zhuhai-Macao Bridge shuttle bus business, which achieved a passenger volume of 140,000 passengers during the year.

### **III. FUEL SUPPLY BUSINESS**

As to the fuel supply business, being an auxiliary business to passenger and freight transportation businesses, the epidemic caused a decline in the number of passenger and cargo vessel voyages, subsequently reducing the sales volume of diesel and engine oil of Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”). During the year, Sun Kong Petroleum recorded a sales volume of 28,000 tons for diesel, which was basically the same as the previous year, and a sales volume of 547,000 litres for engine oil, representing a year-on-year decrease of 6.6%. Sun Kong Petroleum completed the Sun Ferry fuel supply project ahead of schedule this year, as well as the acquisition of the refueling buoy project in the Yau Ma Tei area and its associated wind shelter project. In addition to the obtainment of a new annual license for the China Hong Kong City fuel supply system, such achievement greatly enhanced the fuel supply business capability and market competitiveness. In the future, Sun Kong Petroleum will continue to optimise the distribution process of oil supply business in the sea and provide "one-stop" oil products services for ships; make use of the scarce local water refueling buoyancy resources in Hong Kong, proactively expand government service projects, and continuously expand products' service scope and agency varieties. At the same time, the construction of a 1,300-ton bunkering vessel will be implemented to ensure on-time delivery and further guarantee production and operation.

### **IV. CORPORATE AND OTHER BUSINESSES**

As to the corporate and other businesses, Chu Ou Engineering and Technologies Company Limited (“Chu Ou Engineering”), whose main business is maintenance and repair of property facilities, recorded a year-on-year increase of 58.7% in operating income and an increase in profit, which was mainly due to the successful bid of Macao Municipal Administration pump station maintenance project, Macao Maritime and Water Affairs Bureau Outer Harbour Boarding Bridge Project and Sands Group Water Supply Pipeline Project. Chu Ou Engineering will continue to give full play to its technological advantages, develop diversified businesses, actively bid for projects, and strive to become an important force in ensuring the livelihood of Macao residents.

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 2021, the Group secured a total credit facilities of HK\$1,285,000,000 and RMB161,750,000 (equivalent to approximately HK\$197,835,000) (2020: HK\$1,285,000,000 and RMB117,250,000 (equivalent to approximately HK\$139,318,000)) granted by bona fide banks.

As at 31st December 2021, the current ratio of the Group, calculated by dividing current assets by current liabilities, was 1.8 (2020: 2.0).

As at 31st December 2021, the Group's cash and cash equivalents amounted to HK\$1,045,089,000 (2020: HK\$726,056,000), which represented 22.2% (2020: 15.9%) of the total assets.

As at 31st December 2021, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 11.2% (2020: 6.2%) and the debt ratio, representing total liabilities divided by total assets, was 24.4% (2020: 20.6%).

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

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

## BANK LOANS AND PLEDGE OF ASSETS

<u>Bank Loans</u>	<u>As at 31st December 2021</u>	<u>As at 31st December 2020</u>
<b>Banks located in Hong Kong (Note 1)</b>		
- Hong Kong Dollar	250,000,000	100,000,000
<b>Bank located in China (Note 2)</b>		
- Renminbi	161,750,000	117,250,000
	(equivalent to approximately HK\$197,835,000)	(equivalent to approximately HK\$139,318,000)

Note:

1. The loans from banks located in Hong Kong in 2021 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in 2020 Annual Report.
2. The loans from banks located in China in 2021 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 2020 Annual Report.

## CURRENCY STRUCTURE

As at 31st December 2021, 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 2021, the Group had no material contingent liabilities (2020: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

At 31st December 2021, the Company and Chu Kong Shipping Enterprises (Holdings) Co., Ltd. (“CKES”) entered into the sale and purchase agreement. Pursuant to which the Company acquired 40% of the total issued share capital of Sun Ferry from CKSE, its immediate holding company, at a cash consideration of HK\$152,000,000. Immediately upon completion, Sun Ferry became a direct wholly-owned subsidiary of the Company. The financial results of Sun Ferry has been consolidated into the consolidated financial statements of the Group since May 2020.

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 2021 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](http://www.cksd.com)) in due course.

## **ANNUAL GENERAL MEETING OF THE COMPANY (“AGM”)**

The AGM is to be held on 31st May 2022 (Tuesday) 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 (2020: nil). The Directors have proposed a final dividend of HK2 cents (2020: HK2 cents) per ordinary share for the year ended 31st December 2021, totaling HK\$22,423,000 (2020: HK\$22,423,000) to Shareholders whose names appeared on the register of members on 10th June 2022. 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 25th May 2022 (Wednesday) to 31st May 2022 (Tuesday), 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 31st May 2022 (Tuesday), 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 24th May 2022 (Tuesday) for registration.

The register of members of the Company will be closed from 8th June 2022 (Wednesday) to 10th June 2022 (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 2021 to be approved at the AGM. In order to qualify for the final dividend for the year ended 31st December 2021, 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 7th June 2022 (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 30th June 2022 (Thursday).

## **REVIEW BY AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) has reviewed the accounting policies and principles adopted by the Group with the management, and discussed the relevant matters such as auditing, internal controls and financial reporting. The annual results for 2021 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 2021.

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 2021, 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. Ms. Yau will retire on rotation at the coming annual general meeting held on 31st May 2022, and being eligible, offered herself for re-election at the said meeting. Ms. Yau will be re-appointed by separate resolution of 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 2021 Annual Report.

## **DIRECTORS**

On 27th August 2021, Mr. Liu Guanghui was appointed as an executive Director while Mr. Huang Liezhang was resigned as the executive Director. On 10th November 2021, Mr. Chen Jie was resigned as the executive Director. On 7th February 2022, Mr. Zhou Jun was appointed as an executive Director while Mr. Wu Qiang was resigned as the executive Director.

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 2021.

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

By Order of the Board  
**Zhou Jun**  
*Managing Director*

Hong Kong, 23rd March 2022