CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code : 00560

ANNUAL REPORT 2022

Contents

Sail on Friendly Waters to Favour the World
Work Together to Create and Share Good Fortune

By virtue of persistence, grittiness and perception, CKSG is committed to Guangdong-Hong Kong-Macao market, sets sail to new Silk Road and has become one of the largest waterway passenger transportation operators in the world and one of the largest navigation logistics operators in Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). In active response to the national initiatives of "Guangdong-Hong Kong-Macao Greater Bay Area" and "Belt and Road", the Company seizes opportunities to build its five platforms for cross-border passenger transportation, Hong Kong transportation, terminal logistics, "Belt and Road" investment and capital operation, so as to accelerate business transformation and upgrading and promote innovation and development, with an aim to develop into an exemplary enterprise in implementing national initiatives, a pioneer in developing the Greater Bay Area and a leader of the terminal navigation industry in the Greater Bay Area. CKSG will jointly create rich fortune, jointly enjoy great achievements and grasp the future with its stakeholders.

Financial Highlights

		2022	2021	Change[Note]
Results				
Revenue	*HK$Million*	**2,899.5**	2,268.4	27.8%
Operating profit	*HK$Million*	**162.4**	130.8	24.2%
Profit attributable to the equity holders of the Company	*HK$Million*	**93.5**	44.1	112.1%
Operating profit margin	*(%)*	**5.6%**	5.8%	–3.4%
Financial Position				
Total assets	*HK$Million*	**4,569.8**	4,697.9	–2.7%
Total liabilities	*HK$Million*	**1,074.5**	1,146.7	–6.3%
Total equity	*HK$Million*	**3,495.3**	3,551.2	–1.6%
Bank deposits, cash and cash equivalents	*HK$Million*	**1,063.6**	1,045.1	1.8%
Current ratio		**1.8**	1.8	0.0%
Debt ratio	*(%)*	**23.5**	24.4	–3.7%

Note: Direct calculations may not be the same due to rounding.

Corporate Information

Executive Directors

Mr. Liu Guanghui *(Chairman)*
Mr. Zhou Jun *(Managing Director)*
Mr. Liu Wuwei

Non-executive Director

Ms. Zhong Yan

Independent Non-executive Directors

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing
Hon. Rock Chen Chung-nin

Company Secretary

Ms. Cheung Mei Ki Maggie

Executive Committee

Mr. Liu Guanghui
Mr. Zhou Jun
Mr. Liu Wuwei

Audit Committee

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

Nomination Committee

Mr. Liu Guanghui
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing
Hon. Rock Chen Chung-nin

Remuneration Committee

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

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

Principal Banks

Bank of China (Hong Kong)
Nanyang Commercial Bank
Bank of East Asia
Taishin International Bank
HSBC
Bank of Communications
CMBC

Registrar

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

Registered Office

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

Business Headquarter

24th Floor, Chu Kong Shipping Tower
143 Connaught Road
Central
Hong Kong
Tel: (852) 2581 3799
Fax: (852) 2851 0389
Website: www.cksd.com

Business Location

Build Up Five Platforms
Promote Five Growth Drivers

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

REVIEW

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

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

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

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

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

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

OUTLOOK

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

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

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

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

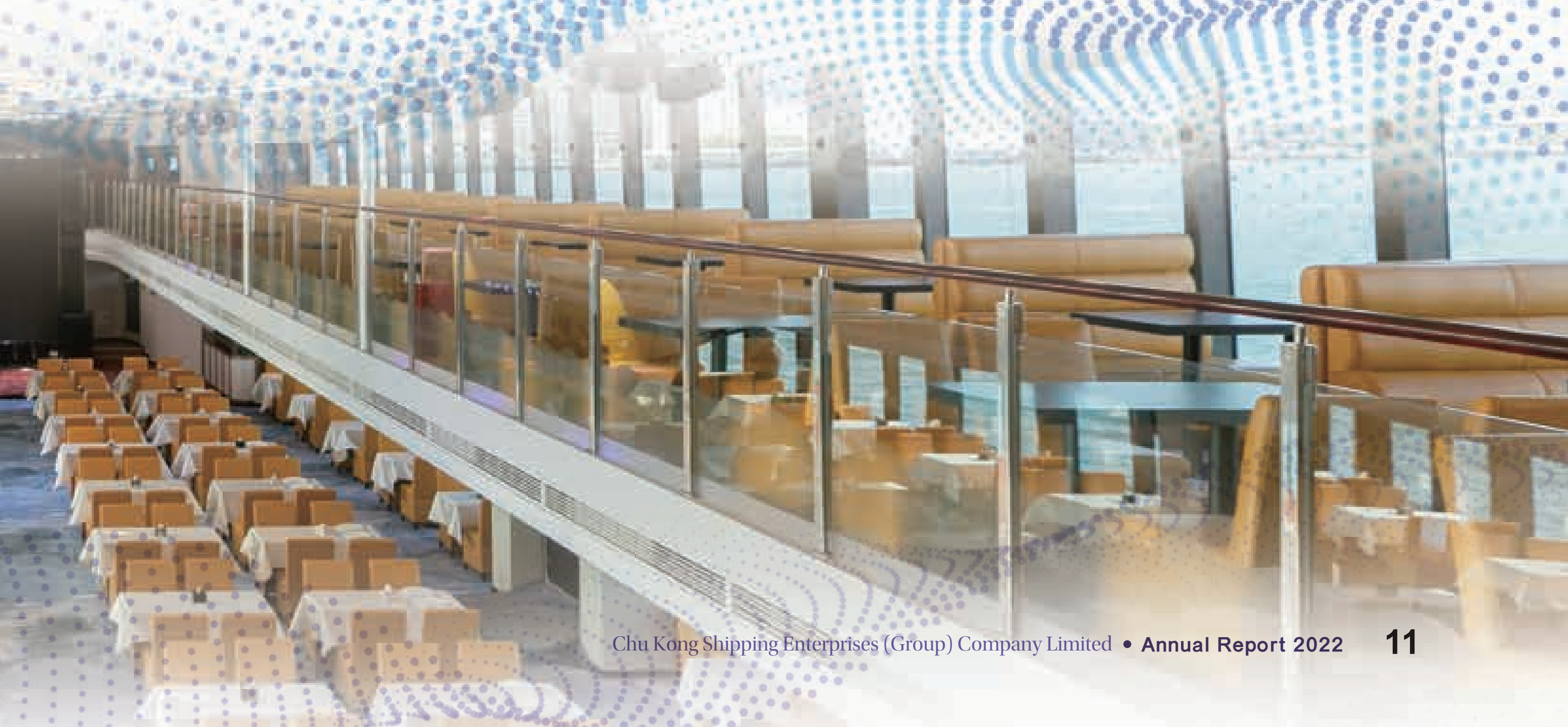
Fourthly, the Group will promote the transformation of its waterway passenger transportation and other auxiliary businesses for better business models and greater resilience. The Group will firmly grasp the new development opportunities in the resumption of cross-border waterway passenger transportation,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

APPRECIATION

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

Liu Guanghui
Chairman

Hong Kong, 24 March 2023



Committed to Great Bay Area
Set Sail for New Silk Road

The directors of the Company (the "Directors") are pleased to present Report of the Directors together with the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL OPERATIONS ANALYSIS

The Company is principally engaged in investment holding, focusing mainly on terminal logistics, waterway passenger transportation, and fuel supply business. The Group establishes its terminal logistics business based on a number of cargo terminal enterprises in Guangdong and Hong Kong, which forms a complete supply chain of terminal logistics including cargo canvassing, feeder transportation, vessel agency, wharf handling, warehousing and storage services in Guangdong and Hong Kong. Another major business of the Group, the waterway passenger transportation based in Guangdong, Hong Kong and Macao, has developed into the largest operation network of waterway passenger transportation in the region. The Group also operates five inner harbour and outlying island ferry routes in Hong Kong and develops the Victoria Harbour water cultural tourism projects simultaneously. The fuel supply business of the Group mainly covers the provision of diesel and lubricants for passenger ferries and cargo vessels, and other businesses of the Group include the provision of operation and management of facilities maintenance services for properties in Macao.

There were no significant changes in the principal activities of the Group during the year.

An analysis of the Group's performance for the year by operating segments and geographical locations is set out in note 5 to the financial statements.

BUSINESS REVIEW

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

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

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

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

I. Terminal Logistics Business

1. Cargo Transportation Business

Business Operation Indicators

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

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

Subsidiaries

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

Taking the new warehouse in Tuen Mun as an important strategic pivot, CKTL has leveraged its strength in resources to develop emerging businesses, deepen the cooperation between cargo terminals and navigation, and promote the transformation and upgrade. In terms of construction logistics, CKTL has closely monitored the trend of the infrastructure market in Hong Kong and Macao and responded to the market demand. The construction logistics centre located at Yau Ma Tei was successfully put into operation at the beginning of the year, and successfully undertook the project of transporting the inner wall bent plate of the tunnel for the Central Kowloon Route and the project of the transitional housing scheme in Kong Ha Wai Village, and took advantage of the opportunity to upgrade the "Huangpu-Hong Kong" building materials logistics line to seize development opportunities. In terms of cargo terminals and navigation cooperation, CKTL completed the construction of the integrated operation

platform for port and barges with the Zhaoqing region during the period to give full play to the synergy effect and enhance efficiency and quality. In terms of e-commerce business, the regular line for the waterway e-commerce logistics between Shenzhen and Hong Kong was successfully launched, the Group continues to explore the potential of e-commerce logistics business. In terms of supporting Hong Kong in the fight against the epidemic, CKTL has fully leveraged its business advantage as a combination of "transit + port" in the Guangdong-Hong Kong-Macao Greater Bay Area, and successfully opened up "Green Passages" and "Synergised Passages" for waterway transportation to secure a full logistics chain, which in turn efficiently supplied anti-epidemic medical materials, anti-epidemic quarantine facilities, as well as the daily necessities such as fresh food and grocery items. The successful experience in the fight against the epidemic and the transportation of livelihood supplies during the epidemic has laid a solid foundation for strengthening and enlarging the local liner's cargoes businesses in Hong Kong.

2. Cargo Handling and Storage Business

Business Operation Indicators

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

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

Subsidiaries

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

Major business operation indicators by region are as follows:

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

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

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

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

The overall container handling volume in the Zhuhai region recorded 206,000 TEU, representing a year-on-year increase of 3.0%; break bulk cargoes handling volume recorded 1,622,000 tons, representing a year-on-year increase of 38.9%. During the period, the container handling volume at Doumen Port recorded 61,000 TEU, representing a year-on-year increase of 22.0%, while the port's foreign trade break bulk cargoes handling volume recorded 242,000 tons, which is 2.7 times higher than that of the previous year, the increase was mainly due to the development the bulk building materials business, such as remote loading of bridge components for Hong Kong and Macao, as well as berthing and loading of cement ships for Hong Kong. The official launch of the "Doumen-Shekou" composite ports project enabled the Doumen Port to fully utilise its resources to attract the foreign trade enterprises in the region and further diversify its business. Doumen Port also delved into the Hong Kong-Zhuhai-Macao Bridge economy, developed the import business of the bridge warehouse. Based on

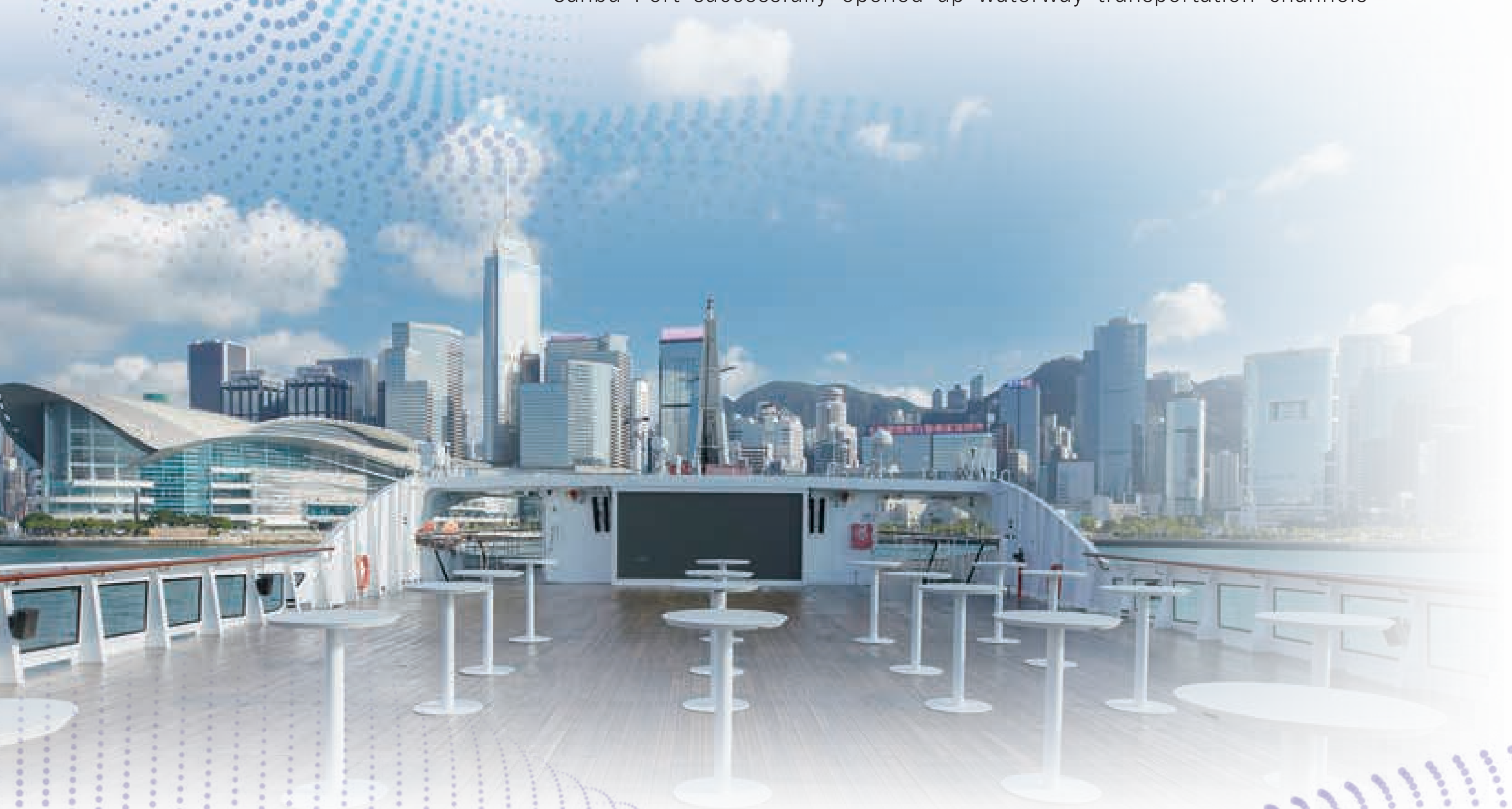
consolidating the bridge inspection business, Doumen Port actively developed the truck reloading transfer services businesses for Hong Kong and Macao. Moreover, Doumen Port actively communicated with the Customs and Excise Department and other joint inspection units to complete the qualification examination and acceptance process of the imported fruits at the designated fruit supervision sites, so as to provide the hardware infrastructure for the next step of the fruit import business. At the same time, the port actively mobilised the transportation resources, successfully completed the materials transportation project for the Mobile Cabin Hospital and the anti-epidemic materials to Hong Kong, while expanding the break bulk cargo business, it supported Hong Kong to overcome the fifth wave epidemic. Civet Port achieved a container handling volume of 144,000 TEU, representing a year-on-year decrease of 4.0%, and a break bulk cargoes handling volume recorded 744,000 tons, representing a year-on-year increase of 198.8%. Civet Port developed the sand and gravel handling business continuously, achieved the significant increase in the foreign trade break bulk cargoes handling volume. Taking the Hong Kong-Zhuhai-Macao Bridge as an opportunity, the port successfully took over the business of the Zhuhai Cross-border Freight Connecting Station and the Guangdong-Hong Kong-Macao Logistics Park Cross-border Freight Terminal, achieving remarkable results in differentiated operation. Meanwhile, Civet Port also actively coordinated the deployment of new cross-border e-commerce, pioneered shipping e-commerce, and actively joined hands with Hongwan Terminal to further deepen business cooperation between Hong Kong, Zhuhai and Macao by fully utilising the resources and strength of both sides.

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

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

Joint Ventures and Associates

The terminals in the Jiangmen region, including the Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and the Heshan County Hekong Associated Forwarding Co., Ltd., recorded a total container handling volume of 302,000 TEU, representing a year-on-year decrease of 8.5%; the break bulk cargoes handling volume recorded 512,000 tons, 4.2 times of the volume of previous year. During the year, the volume of break bulk cargoes handling at Sanbu Port recorded 159,000 tons, representing a significant year-on-year increase of 123.9%. On the foundation of properly serving existing clients in break bulk cargoes business for bulk-grain-and-food commodities, Sanbu Port successfully opened up waterway transportation channels



for sand and gravel and anti-epidemic supplies to Hong Kong, and recorded a significant increase in break bulk cargoes handling volume. Meanwhile, Sanbu Port actively promoted the optimising and upgrading of its business structure and diversifying its business operation to enhance its competitiveness. Heshan Port recorded a break bulk cargo handling volume of 353,000 tons, representing 6.8 times of the volume of previous year. By optimising the loading and unloading conditions in the port area and vigorously expanding the break bulk cargoes business of building materials such as steel, sand and gravel, etc., Heshan Port achieved a huge breakthrough in the break bulk cargoes handling volume during the year. While consolidating the traditional container handling business, the port also strived to build a timber distribution base to diversify its business layout.

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

II. Passenger Transportation Business

Business Operation Indicators

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

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

Subsidiaries

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

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

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

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

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

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

Joint Ventures and Associates

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

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

III. Fuel Supply Business

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

IV. Corporate and Other Businesses

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

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

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

CORPORATE STRATEGIES AND PROSPECTS

Focused on the objective of becoming a first-class waterway public transportation service provider and a first-class full scope logistics services provider in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will continue to take advantage of its strength in resource integration, promote innovation and development in terminal logistics, optimise strategic layout of passenger transportation segment, and develop new routes under new quality agency service. Moreover, the Group will actively carry out material acquisition projects with an aim to improve overall profitability of the Group.

In 2023, the Group will focus on its strategic deployment, and continue to promote the upgrade of logistics strategy, the implementation of the strategy of Hong Kong, and the transformation of passenger transportation business in order to strengthen and optimise the Guangdong, Hong Kong and Macao markets. The Group strives to innovate its enterprise development model by developing its air freight logistics, warehousing logistics, e-commerce logistics, construction logistics, as well as its business in the Hong Kong International Airport, local ferry business, and water cultural tourism business. Given that the stable and positive situation of COVID-19 epidemic, the Board and the management are optimistic about the future development of the Group in long term, and are committed to preparing for the opportunities and challenges that lie ahead in the coming year.

ENVIRONMENT, SOCIETY AND GOVERNANCE

This section highlights the Group's policies and performance in relation to environmental, social and governance for the year ended as at 31 December 2022. For further details, please refer to the Environmental, Social and Governance Report 2022 separately released by the Group, which is prepared in accordance with the "Environmental, Social and Governance Reporting Guidelines" set out in Appendix 27 under the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "SEHK").

In this century, enterprises need to face the challenges of climate change, pollution and resource scarcity. The Group recognises the importance of sustainable development for corporate growth to overcome the challenges. Meanwhile, the Group is aware that these challenges not only impose risk, but also provide opportunity for enterprises to assess themselves whether the businesses are on the right track. We believe that being environmentally and socially responsible could enhance our performance and contribute to the overall sustainable development of the society.

The Company established Governance and Working Groups for the Environment, Society and Governance Report on 29 October 2019 with terms of reference, in accordance with the Environmental, Social and Governance Reporting Guidelines set out in Appendix 27 of the Listing Rules. The Governance Group for ESG Report is headed by one of the executive directors and is accountable to the Board. Its main duties are to assist the Board in fulfilling its oversight functions in environmental, social and governance, as well as in complying with and fulfilling its obligations under the Listing Rules and relevant laws and regulations. Meanwhile, the Governance Group for ESG Report formulated the environmental, social and governance policies and strategies which was approved and adopted by the Board so as to align with the Group's long-term strategic development and enhance shareholders' value as well as to contribute to the overall sustainable development of the society.

The Group has been actively incorporating corporate social responsibility into its operations, as the Group believes that all businesses must take responsibility for the environment in their industries. Building on the stringent internal compliance practices, various sustainable operation practices have been implemented to promote the Group's sustainable development in environmental and social aspects. The Group considers the ESG Report as an important channel for all its stakeholders to understand the Group's sustainable business results, and is dedicated to improving the effectiveness and quality of this channel continuously.

Regarding environmental protection, the Group strictly abided by the laws and regulations that are related to environmental protection and have a significant impact on the Group. The Group attaches foremost importance to environmental compliance in each operating location and subsidiaries of the Group formulated policies, management systems, practices and measures according to their business natures and actual circumstances, so as so minimise the environmental impact of its business operations. The Group also strictly abided by the Law of the PRC on the Environmental Protection (《中華人民共和國環境保護法》), the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》), the Plan for Water Pollution Prevention and Control (《水污染防治行動計劃》) and the Regulation of the PRC on the Prevention and Control of environmental Pollution by Vessel at Inland Rivers (《中華人民共和國防治船舶污染內河水域環境管理規定》) and other relevant laws and regulations, so as to ensure that the discharge and treatment of all kinds of pollutants met the standards as required by the relevant laws and regulations. The Group formulated the environmental related emergency response plans including Regulation on the Supervision and Management of Ecological Environmental Protection (《生態環境保護監督管理辦法》) and the Measures on the Management of Waste Oil at Ports and Terminals (《港口碼頭廢油管理辦法》), which outlines the potential environmental impacts in the usual course of business, identifies and evaluates the possible environmental risks and establishes emergency prevention and response mechanism, ensuring that the subsidiaries possess adequate capacity to react efficiently and orderly in the event of major environmental pollution incidents, so as to minimise the environmental impacts.

In addition, sustainable development and related issues have attracted unprecedented response and discussion at the 27th United Nations Climate Change Conference (COP27). As one of the largest cross-border waterway passenger transportation operators and navigation logistics operators in Guangdong-Hong Kong-Macao Greater Bay Area, the Group understands that the passenger and cargoes industries play integral roles in mitigating and adapting to climate change, while the development of the industry is closely linked to climate change, so the adaptation to climate change is a major challenge for the industry. The Group actively promoted environmental protection awareness to its employees, and encouraged its subsidiaries to improve utilisation efficiency of resources by reducing the use of fuel oil, water, electricity and other resources and guaranteed waste would be properly treated. The Group also promoted the use of electrical equipment during the operation process, so as to reduce the emissions from fuel combustion. Meanwhile, the Group regularly inspected machinery and equipment to ensure compliance with the relevant discharge standards. In addition, the Group has also established annual environmental goals and action plans in accordance with the key performance indicators of the Hong Kong Stock Exchange's new version of the Environmental, Social and Governance Reporting Guidelines (《環境、社會及管治報告指引》), and coordinated the promotion and construction of a resource-saving corporate culture to achieve an environmentally friendly global low-carbon target.

Regarding compliance operation, the Group endeavored to comply with the laws and regulations of jurisdictions where its businesses operated, including but not limited to the relevant laws and regulations applicable to Hong Kong, Mainland China and Macao and to operate in accordance with laws and regulations. During the year, the Group operated its business in accordance with the requirements of the Guideline on Internal Control for Listed Companies (《上市公司內部控制指引》), Guidelines for Enterprise Internal Control (《企業內部控制基本規範》), the Listing Rules and the relevant rules promulgated by the State-owned Assets Supervision and Administration Commission of Guangdong Province, and made continuous efforts to improve and fine-tune its corporate governance structure. Through methods including the general meetings, the Board, the independent director's system, procedural rules and the Governance and Working Groups for ESG Report, the Group strived to ensure a clearly-defined responsibility system in its daily operation, transparent and open decision-making procedure and sound and effective internal control and feedback system. Based on business strategies and objectives, the Group has formulated the Comprehensive Risk Management Measures (《全面風險管理辦法》) which take into consideration the factors such as business growth, risk and profitability. It establishes an overall risk management structure by three layers of defense in the operating mechanism and puts forward requirements for risk management work. It also conducts risk assessments every year and incorporate key risks into audit priorities and ensure compliant operations by carefully reviewing relevant legal and regulatory requirements. To the knowledge of the Group, there was no material change in relevant laws and regulations which could have a material impact on the business and operation of the Group during the year and the Group had complied with them in all material aspects without major non-compliance.

As for human resources, the Group pursues principles of equality, voluntariness and consensus and abides by people-oriented principle in affairs such as the provision of employment opportunities, remuneration, training, performance assessment, promotion and other employee benefits. In addition, the Group provides a smoke-free, healthy, well-equipped and safe office environment, in an effort to create a healthy and comfortable working environment for its employees. The Group also devotes resources in providing continuous training for its employees, enabling them to improve their professional skills, knowledge and get a better understanding of the relevant business and industry development updates as well as enhance their awareness of standardised operation, with an aim to help them to improve work-performance and achieve self-value. The Group strives to protect employees' rights by strictly complying with the laws and regulations related to employment and labour practices that have a significant impact on the Group. The Group has well established policies, practices and management standards to manage the procedures pertaining to compensation and dismissal, recruitment and promotion, working hours, period of leave, equal opportunity, diversity, anti-discrimination, benefits and welfare and prevention of child and forced labour.

As for operation, safety is always our utmost priority, ensuring work safety is of paramount importance to the Group in its usual course of business. The Group established a safety culture and emphasised on improving its management relating to occupational risk, health and safety and enhancing employees' knowledge of job risk and safety. A robust safety management system is implemented in the Group to ensure that the highest standard of occupational health and safety is embedded in every business segment of the Group. Policies, operating procedures and guidelines such as the "Safety Production Inspection System" (《安全生產檢查制度》) and the "Measures for the Implementation of Safety Production Risk Assessment" (《安全生產風險評估實施辦法》) are in place to govern our operation so as to eliminate potential risks and protect our employees. Different safety precaution measures have been implemented thoroughly in every business segment of the Group. One of the priorities of the Group is to raise employees' awareness of occupational safety and health. Training is provided to employees to equip them with comprehensive knowledge of safety operation to ensure they possess requisite safety skills for the jobs.

The customers and suppliers, as the Group's important stakeholders, have always kept good cooperative relationships with the Group. As a responsible corporate citizen, through establishing a communication mechanism and intensifying information disclosure, actively communicating with key customers and suppliers through diversified channels, the Group knows their needs and takes corresponding and necessary measures. The Group also continuously explores various channels to maintain communication with the stakeholders and to strengthen interaction between them so as to establish a close relationship with the stakeholders. Through constructive communication, the Group tries to balance the opinions and interests of the stakeholders so as to set the direction for the long-term development of the Group. Meanwhile, as a responsible service provider, the Group strives to deliver excellent services to its customers and provide customers with accurate information about its services. The Group protects customer privacy and strictly prevented abuse of customer information. The Group strictly complies with laws and regulations related to health and safety, advertisement, and privacy matters that have a significant impact on the Group. With regard to the selection of suppliers, the Group sets stringent screening criteria and established a comprehensive tendering process. The Group establishes the "Domestic/Foreign Enterprise Tendering and Bidding Implementation Rules" (《境內/外企業招標投標管理辦法》) to govern the tendering and bidding process, ensuring that the process is conducted in a fair and equal manner. For supplier management, the Group regularly evaluates the quality, delivery and services of suppliers in accordance with the standards and procedures of the ISO9001:2015 quality management system every year to ensure that their products and services conform to the standards. If the conditions of any supplier are found to be incompatible with the requirements, the Group shall suspend its cooperation with the supplier and require the supplier to carry out rectification, until the requirements are met.

During the year, the Group has identified six material issues for 2022 in the form of a review, namely work safety, compliant operation, service quality, employee health, employee rights and interests, and cargo safety. The Group had been identified material issues in 2021 through stakeholder questionnaires, and analysed the issues in two dimensions namely "Material to the Group (including the opinions of directors and senior management)" and "Material to stakeholders (including the opinions of employees, major shareholders and investors, suppliers, customers and the public)". The proportion of the number of stakeholders was evenly evaluated, so as to adopt the viewpoints of various stakeholders in a balanced manner, and identified the material issues according to the materiality assessment matrix. The Group will continuously focus on responding to the concerns of stakeholders in its sustainable development work in accordance with the materiality principle in the Environmental, Social and Governance Reporting Guidelines of the SEHK and disclose and review the implementation of material issues.

According to the Group's understanding, the Group is not in breach of any laws or regulations relating to its business and operations (environmental, labour, occupational health and safety, anti-corruption and data privacy, etc.) in Hong Kong, Mainland China and Macao.

RESPONSE TO COVID-19 EPIDEMIC

In 2022, under the onset of the repeated COVID-19 epidemic, the Group highly emphasised the health and safety of our employees and customers based on a people-oriented management concept. The Group closely monitored the epidemic conditions in Hong Kong, constructed comprehensive and multi-level prevention and control chain, and built the "Firewall" for epidemic prevention. The Group took multiple measures to carry out epidemic prevention and control in a regular manner, such as enhancement of disinfection procedures and increase in cleaning frequency, the implementation of flexible working hours, work-from-home arrangements, video conferencing with customers, procurement of anti-epidemic materials, arranging employees to perform COVID-19 nucleic acid tests from time to time, etc. so as to minimise the risk of infection among employees and customers.

The Group actively fulfilled its social responsibility to support the anti-epidemic and epidemic prevention control, leveraged on its terminal network and "dual platforms and dual positions" advantage, and opened up waterway transportation channels for vessels through the joint operation of the terminals in Guangdong and Hong Kong to ensure the supply of the anti-epidemic and people's livelihood materials. At the same time, the Group made use of its transportation network of ports which covers Guangdong and Hong Kong to open up "Green Passages" and "Synergised Passages" for suppling livelihood and anti-epidemic materials from Mainland China to Hong Kong through waterway transportation. During the year, a total of 20 Guangdong-Hong Kong transportation routes were opened-up by the Group to support Hong Kong in the fight against the epidemic, the total accumulated capacity of 68 barges and 168,000 container cargoes is recorded, with cumulative volume of 650,000 tons of livelihood and anti-epidemic materials were supplied to Hong Kong.

FINANCIAL REVIEW

Financial Management and Control

The Group consistently adopted a prudent financial management policy. Fund management, financing and investment activities were all undertaken and monitored by the management of the Company.

Given the industry characteristics of the core business of the Group, the emphasis of routine financial control management was placed on the management of working capital, particularly the timely receipts of trade receivables. As at 31 December 2022, net trade receivables of the Group amounted to HK$218,575,000, representing an increase of 14.7% as compared with last year, of which 79.2% of trade receivables was aged within 3 months. Exposure to bad debts was controlled at a reasonable level.

Review of Financial Results

The Group recorded a profit attributable to equity holders of the Company of HK$93,490,000, representing an increase of HK$49,416,000 or 112.1% as compared with last year, details of which are as follows:

	2022	2021	**Change**
	HK$'000	HK$'000	**HK$'000**
Net operating profit*	**112,615**	79,256	33,359
Share of profits less losses of joint ventures and associates	**–19,125**	–35,182	16,057
Profit attributable to equity holders of the Company	**93,490**	44,074	49,416

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

The Group's share of profits less losses of joint ventures and associates for the year decreased by HK$16,057,000 or 45.6% from last year to losses of HK$19,125,000. Among these, profit after taxation attributable to terminal navigation logistics business was HK$12,312,000 (2021: HK$9,687,000) and losses after taxation of passenger transportation business was HK$31,437,000 (2021 losses: HK$44,869,000).

Liquidity, Financial Resources and Capital Structure

The capital structure of the Group was constantly monitored by the Company. The use of any capital instruments, including banking facilities, by each subsidiary was under the central coordination and arrangement of the Company.

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

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

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

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

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

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

Bank Loans and Pledge of Assets

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

Note:

1. The loans from banks located in Hong Kong in 2022 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in the 2021 Annual Report.

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

3. Detailed analysis on bank loans is set out in note 23 to the financial statements

Currency Structure

As at 31 December 2022, the Group deposited its cash and cash equivalents with several reputable banks, of which 21.0% (2021: 30.8%) were denominated in Hong Kong dollar ("HKD"), 68.8% (2021: 56.8%) in Renminbi ("RMB"), 9.8% (2021: 12.1%) in United States dollar ("USD"), 0.4% (2021: 0.3%) in Macao pataca and a small amount (2021: small amount) in Euro. Details are as follows:

	Amount	**Percentage**
	HK$'000	%
HKD	223,509	21.0%
RMB	731,869	68.8%
USD	103,846	9.8%
Macao pataca	4,222	0.4%
Euro	127	0.0%
	1,063,573	100.0%

Capital Commitments

Details of capital commitments of the Group are set out in note 34 to the financial statements.

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

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

Details of information of subsidiaries, joint ventures and associates of the Group are set out in notes 11, 12 and 13 to the financial statements respectively.

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

SIGNIFICANT INVESTMENT

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

CONTINGENT LIABILITIES

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

FINANCIAL SUMMARY

A summary of the financial information of the Group for the last five financial years is set out on pages 179 to 180 of this annual report. Such summary does not form part of the audited financial statements.

DIVIDENDS

The Board has approved and adopted a "Dividend Policy" on 1 January 2019 in order to provide return to the shareholders of the Company (the "Shareholders"). For proposing distribution of dividends to the Shareholders' meeting, the Board will measure the capital needs in future years based on the future capital budget plan of the Company and consider factors such as profitability and financial structure of the Company comprehensively. However, the target dividend to be distributed to the Shareholders in any financial year shall be not less than 30% of the profit attributable to the equity holders of the Company (if any) in that financial year, which is payable wholly in cash or in non-cash benefits or partly in cash and partly in non-cash benefits, subject to: a) the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); b) the Listing Rules; and (c) the Articles of Association of the Company. The Board may revise the target dividend payout ratio based on the overall operating conditions.

The Board had not declared an interim dividend (2021: HK0 cents per ordinary share). The Board has proposed a final dividend of HK4 cents (2021: HK2 cents) per ordinary share, totaling HK$$44,847,000 (2021: HK$22,423,000) and a special dividend of HK2 cents per ordinary share, totaling HK$22,423,000 (2021 special dividend: nil) so as to celebrate the 25th public listing anniversary of the Company for the year ended 31 December 2022 to Shareholders whose names appeared on the register of members on 30 June 2023. The final dividend is expected to be paid in cash.

With reference to the current bank deposits and cash and cash equivalents, the dividends declared for 2022 was HK6 cents per share, the percentage of total dividends over the profit attributable to equity holders of the Company (the "Dividend Payout Ratio") increased as compared with previous year. The Group's Dividend Payout Ratio in the last five years was as follows:

	Dividends per share	**Total dividends**	**Profit attributable to equity holders of the Company**	**Dividend Payout Ratio**
	HK$	HK$'000	HK$'000	%
2018	0.09	100,905	226,072	44.63
2019	0.06	67,270	214,078	31.42
2020	0.02	22,423	49,821	45.01
2021	0.02	22,423	44,074	50.88
2022*	0.06	67,270	93,490	71.95

* Dividends per share for the year included a proposed final dividend of HK4 cents per share and special dividend of HK2 cents per share

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group employed 2,231 employees (2021: 2,212) and remunerated its employees according to the duty of their positions and the market conditions. The staff costs of the Group for the year amounted to HK$569,975,000 (2021: HK$549,786,000), which included basic salaries and employee benefits such as discretionary bonus, medical and insurance plans, pension scheme and share option scheme, etc. The Group will also provide trainings for staff from time to time in addition to the above employee benefits.

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

SIGNIFICANT RISKS AND UNCERTAINTIES

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

I. Fluctuating Demand and Market Risk

In 2022, Mainland China and Hong Kong experienced a resurgence in the COVID-19, while the crisis between Russia and Ukraine intensified, and the on-going US-China trade disputes; this led to a sustained impact on the import and export industry in the Pearl River Delta, and some export-oriented industries relocate to other countries such as South East Asia. Meanwhile, epidemic prevention and control requirements on foreign trade barges have caused the storage of shipping capacity continued to worsen, which in turn severely affected export-oriented supply chains and logistics businesses. The Group's port and terminal business exhibits a few points of notice as follows. First is that the logistics demand has severely declined. In the influence of general condition, the demand for import and export cargoes of foreign trade has dropped significantly due to segment adjustments, which coupled with the overall of economic downturn, the business volume of foreign trade container handling business as well as break bulk cargoes handling business continued to decrease. Second is that the ancillary services businesses have been uncontrollable. Ever since the epidemic, the supply of barge crews for foreign trade has been continuously inadequate due to the impact of the epidemic, and the epidemic has repeatedly recurred in the Mainland China, including Shenzhen, Zhongshan and other cities in the Greater Bay Area, resulting in a further decline in business volume. In order to prevent and control the risk in a timely manner, the Group took effective measures to prevent and control the epidemic, so as to reduce the impact on its main business. Firstly, the Group has launched regional-integrated management. Based on the characteristics of the ports' hinterland segment and the terminal business, the Group has consolidated its resources, strengthened business communication and launched precise marketing for major customers. Secondly, the Group has launched its composite ports business. By integrating the characteristics of freight and barge routes in Pearl River Delta, the Group connected the docking channels with international liner routes such as those with Shenzhen Shekou and have effectively improved transportation efficiency as well as enhanced the competitiveness of terminal cargo business by utilizing the way of direct shipping by barge at the port. Thirdly, the Group has properly carried out the logistics support of supplying emergency materials to Hong Kong. Following the epidemic outbreak of Hong Kong in 2022, the Group has vigorously ensured the logistics of anti-epidemic supplies in Hong Kong by fully utilizing the advantage of its terminal network in the Greater Bay Area and progressively opening up full-chain logistics routes, which in turn effectively ensure the smooth logistics of the supply of livelihood resources to Hong Kong, and has driven growth of business volume in the cargo terminal business by satisfactorily accomplishing its established objectives.

Affected by the epidemic, the normal traveller clearance between Mainland China and Hong Kong was not resumed in 2022, the Group's cross-border waterway passenger transportation business was in suspension. At the same time, continuous improvement of transportation layout in the Greater Bay Area has greatly undermined competitiveness of the Group's passenger transport business. It is expected that overall passenger volume will be lower than that in early 2020 (before the epidemic) after the normal traveller clearance is resumed. Under the adverse effect of the improving Express Rail Link and cross-border bus schedules and routes, the demand for waterway passenger transportation business will continue to decline in the future. In order to meet the market challenges informedly, the Group continues to make adjustments of its business. Firstly, the Group will retain the core city routes in the Greater Bay Area and orderly withdraw or suspend operation of routes of less passenger flow and less profitability to consolidate the advantageous resources on routes of more profit potential. Secondly, the Group will carry out integrated management of passenger transportation business. By centralizing management resources and by carrying out integration reform on marketing, crew management, ship management and operation management, the Group will further reduce operation costs and improve management efficiency to cope with market changes.

II. Competitive Risk

Competitive risks are mainly reflected in two aspects. The first aspect is the further intensified disorderly competition. There are many cargo terminals in the Greater Bay Area city cluster hosting various kinds of terminal business. Large central enterprises allies with local enterprises possess stake holdings or controlling stakes in core terminals; under collectivized operation, some companies are willing to boost development in other business at the expense of profitability of their terminal business, and thus intensify competition in the industry. The second aspect is fierce competition in extension of terminal business. The efficiency of tractor and barge operations has seriously undermined competitiveness of the terminals, while some ports provide subsidy for cargo tractors and barges, thereby also undermine competitiveness of the Group's terminal business in the region. To cope with the risks, the Group has taken mainly the following measures: Firstly, strengthening the Group's marketing efforts, actively and timely understanding customer needs, and providing specialised as well as customised logistics services; in the meantime enhancing internal management efficiency, such as adopting information technology to achieve automation in gate management and to promote paperless offices, thereby continuously improving service quality. Secondly, the Group will expand its construction logistics as well as integrated logistics businesses. Leveraging the uniqueness of infrastructure in Hong Kong, the Group will strengthen its business development in construction logistics; at the moment, the construction logistics business is maturing progressively; for next step, the Group will continue to improve management efficiency and enhance service quality. At the same time, the Group will leverage the regional geographic advantages of its Nansha and Tuen Mun warehouses to intensively strengthen its business development in freight cargo business, and provide specialised services surrounding the demand for freight cargo business, thereby enhancing the overall competitiveness of its cargo business.

III. Investment Risk

The Group's business investment is mainly focused on Guangdong, Hong Kong and Macao. In the future, the investment will gradually radiate to Southeast Asia, the Group has already commenced network business in Singapore, Malaysia and Vietnam. With further implementation and advancement of the Regional Comprehensive Economic Partnership Agreement, the Group will strengthen its investment in the freight transportation businesses in relevant countries, and will strengthen its investment risk assessment in these relevant countries. Investments in projects in the Mainland China and Hong Kong are more influenced by overall economic environment, meanwhile as rules and regulations are continuously improving in the Mainland China, new investment projects will be more influenced by policies and local cooperation units, the Group is committed to conducting comprehensive assessment of risks involved.

IV. Human Resources Risk

In recent years, the Group's main business has been seriously affected by the overall economic and market environment, resulting in a contraction of its business. This trend has resulted in a relatively low overall salary level in the industry, which is not conducive to the healthy development of human resources as a whole, especially, there is a significant shortage of ship crews, equipment handlers, and senior management personnel, which has made recruiting new staff difficult and has led to a high turnover rate. Major preventive measures to be implemented: Firstly, the Group is committed to enhance the standard of human resources management, which includes strengthening regional human resources management, improving internal work communication between employees, and enhancing job skills. Secondly, the Group will establish a sound remuneration management system, which includes improving the remuneration system, conducting performance appraisal management, and continuing to broaden the promotion path for employees in order to stimulate employee motivation. Thirdly, the Group will take steps to strengthen staff training, to pay attention to pre-service training for new employees, and to enhance quality and practical training for skilled personnel; the Group will also take steps to pay attention to employees' personal career development, and plan to develop talent reserve and talent ladder. Fourthly, the Group will strengthen its publicity and leverage the influence of its core business to attract quality talents to join.

V. Funding Risk

The day-to-day operations and investment activities of the Group's subsidiaries are currently concentrated in Guangdong Province, Hong Kong, and Macao, with operating revenues and expenses mainly denominated in HKD, as well as in RMB and USD. The RMB revenue received from Mainland China may be used for payment of Group expenses incurred in the Mainland China denominated in RMB, while the HKD and USD revenue received in Mainland China may be remitted to the Group's bank accounts in Hong Kong through proper procedure as planned. In the short term, the Group will not be subject to significant foreign exchange risks as long as the linked exchange rate system in Hong Kong remains unchanged. However, due to the impact of the Sino-US trade war and the depreciation of Renminbi against the US dollar in 2022, the regulatory authorities in Mainland China tightened the regulation on the remittance of funds abroad, and the remittance of funds abroad may be delayed. The Group has enhanced communication with banks, kept abreast of policy directions and gotten well prepared in advance. Under the guidance of the Group, subsidiaries are required to make sufficient risk assessment on the financing size, method, and channel in the process thereof. The Group will increase the registered capital contributed by the shareholders of certain subsidiaries as needed for strategic investment and development, so as to effectively reduce the financing cost.

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.

CAPITAL RAISING ACTIVITIES DURING THE YEAR AND USE OF PROCEEDS

There was no capital raising activity by the Group during the year.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year. Details of the Company's capital during the year are set out in note 18 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and note 36 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's distributable reserves, calculated in accordance with Part 6 of Hong Kong Companies Ordinance, amounted to HK$1,445,952,000 (2021: HK$1,428,417,000), of which HK$67,270,000 (2021: HK$22,423,000) has been proposed as final dividend and special dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, the combined value of the Group's contracts with its five largest suppliers accounted for less than 30% of the total value of supplies purchased. The Group's five largest customers together contributed less than 30% of its total revenue and other income during the year ended 31 December 2022.

DIRECTORS

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

Executive Directors:

Mr. Liu Guanghui (Chairman of the Board)
Mr. Zhou Jun (Managing Director, appointed on 7 February 2022)
Mr. Liu Wuwei
Mr. Wu Qiang (Managing Director, resigned on 7 February 2022)

Non-executive Director:

Ms. Zhong Yan

Independent Non-executive Directors:

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

Hon. Rock Chen Chung-nin will be appointed as independent non-executive Director on 1 April 2023, so in accordance with Article 84 of the Articles of Association of the Company (the "Articles of Association"), Hon. Rock Chen Chung-nin shall retire at the forthcoming annual general meeting and, being eligible, shall offer themselves for re-election at the meeting.

In accordance with Article 88(i) of the Articles of Association, Mr. Chan Kay-cheung and Mr. Chow Bing Sing shall retire by rotation at the forthcoming annual general meeting and, being eligible, shall offer themselves for re-election at the meeting.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company (as included in the consolidated financial statements of the Company for the year ended 31 December 2022) from 1 January 2022 up to 24 March 2023 (being the date of approval of the Company's 2022 Annual Report) are available on the Company's website at www.cksd.com.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Save for the Share Option Scheme disclosed below, at any time during the year or at the end of 2022, neither the Company nor any of its subsidiary undertakings were a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into letters of appointment with all current Directors for a fixed term of three years, but they are subject to retirement by rotation and re-election in accordance with the Articles of Association.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without compensation other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

REMUNERATION OF DIRECTORS AND FIVE HIGHEST-PAID EMPLOYEES

Details of the remuneration of Directors (on a named basis) and the five highest-paid employees are set out in notes 37 and 32 to the financial statements, respectively.

ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct prescribing standards and requirements no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers (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 annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 December 2022, the Company has not been notified of any interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENT

Share Option Scheme

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

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

Purposes

The purposes of the Share Option Scheme are to:

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

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

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

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

Incentive Objects

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

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

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

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

 1. a qualified opinion or disclaimer of opinion by the auditor in the auditor's report on the issued financial and accounting report for the most recent accounting year;

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

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

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

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

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

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

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

Limit

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

The total number of share options to be granted initially under the Share Option Scheme shall not exceed 1% of the total number of issued shares of the Company.

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

Acceptance of Offer of Share Options and Payment

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

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

Effective Date of Share Options

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

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

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

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

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

Validity Period of Exercise of Share Options

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

Exercise Price

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

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

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

Validity Period of the Share Option Scheme

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

The Shares Issuable under the Share Option Scheme

The total number of shares that may be issued under the Share Option Scheme is 108,000,000, representing 9.6% of issued shares of the Company as at the date of this annual report. On 18 December 2015, the Company granted share options (which were duly accepted by the eligible persons subsequently) under the Share Option Scheme to certain eligible persons to subscribe for a total of 9,165,000 ordinary shares. All granted share options have lapsed due to reasons including failure to meet performance indicators, employee resignations or retirements, etc.

During the year, no share options were granted under the Share Option Scheme, so the Company did not receive any consideration.

The remaining total number of shares which may be issued under the Share Option Scheme amounts to 98,608,000 shares, representing approximately 8.8% of the issued shares of the Company as at the date of this annual report.

Other than the Share Option Scheme mentioned above, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS' INTERESTS IN CONTRACTS

During any time of the year or at the end of 2022, there was no transactions, arrangements or contracts of significance in relation to the Group's business which the Company, any of its subsidiaries, its holding company or any of the subsidiaries of its holding company was a party to or involved in, and in which a Director or its connected entity had a material interest, whether directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, no Director has any interest in a business which competes or is likely to compete, either directly or indirectly, with the Company's business.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES OF THE COMPANY

So far as was known to the Directors and the chief executive, on 31 December 2022, the following persons, other than a Director or the chief executive, had, or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Ordinary shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of Shares (Note 1)	Percentage of shareholding (Note 2)
(i) Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE") (Note 3)	Beneficial owner	784,817,520 (L)	70.00%
(ii) Guangdong Provincial Port & Shipping Group Company Limited ("GDPS") (Note 3)	Interest of controlled corporation	784,817,520 (L)	70.00%

Note:

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

2. Percentage of shareholding is calculated on the basis of 1,121,166,885 issued shares of the Company as at 31 December 2022.

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

Save as disclosed above, on 31 December 2022, the Directors and the chief executive were not aware of any other person who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of no less than 25% of the Company's issued shares as of the date of this report.

CONNECTED TRANSACTIONS

Details of connected transactions with parent company, immediate holding company, fellow subsidiaries and related entities are as follows:

CONNECTED TRANSACTIONS ("CT")

On 30 December 2022, the Company (as a purchaser) and GDPS (the Company's ultimate holding company, as a seller) reached a sale and purchase agreement, pursuant to which the Group acquired 25% of the equity interest of CKIFF from GDPS at a consideration of RMB$12,897,000. At the same time, CKIFF (as a purchaser) and GDCK (a wholly owned subsidiary of GDPS, as a seller) entered into a sale and purchase agreement, pursuant to which CKIFF acquired 10% of the equity interest of CKISA from GDCK, at a consideration of RMB$443,000. The above transactions are subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules. The transactions were completed on 2 February 2023. For details of the transactions, please refer to the announcement of the Group dated 30 December 2022.

Continuing Connected Transactions (the "CCT")

1. Master Passenger Transportation Agency Services Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service provider) entered into a master passenger transportation agency services agreement (the "Master Passenger Transportation Agency Services Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service recipient), in respect of any member of the Group agree to accept the appointment of any member of the GDPS (as an agent or operator and/or owner of the passenger ferry services) as the exclusive agent/sub-agent of the Group's waterway passenger transportation business in Hong Kong (for routes to and from Hong Kong and Pearl River Delta region). Waterway passenger agency services include (i) ferry operation agency service; (ii) ticketing agency service; (iii) ferry berthing agency service and (iv) ferry technical support agency service.

The term of the Master Passenger Transportation Agency Services Agreement is three years from 1 January 2022 to 31 December 2024. The service fee charged by the Group for the provision of passenger transportation agency services for ferries operated by GDPS is based on a percentage of ticket sales, and taking into account of the cost of providing ticketing services, and the cost of passenger handling services (including passenger arrival and departure services and security checks), the cost of ferry (including the arrangement of regular maintenance and emergency ad hoc repairing services to ferries in Hong Kong), the cost of providing relevant facilities, and the cost of labour incurred by the Group in providing ground services plus a profit margin to be agreed. In order to ensure that the terms and profit margins for the provision of services are in line with the prevailing market rates and market terms, the Group will consider at least two quotations for service charges offered to other ferry operators (who are independent third parties berthing at the same terminal and require similar passenger transportation agency services from the Group) as a reference. The service fees offered by the Group shall be no more favourable than the service fees offered by the Group to other independent third parties for similar services. The annual caps of the Master Passenger Transportation Agency Services Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$9,000,000, HK$12,000,000 and HK$15,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$0.

2. Master Ferry Technical Support Agency Services Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service recipient) entered into a master ferry technical support agency services agreement (the "Master Ferry Technical Support Agency Services Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service provider), in order to facilitate any member of the Group to provide passenger transportation agency services (as one-stop integrated agency services, which include services for arranging ferries for regular maintenance and repairing, and emergency ad hoc repairing services in Hong Kong) to those ferries for which such member of the Group was appointed by any member of the GDPS Group as agent and/or sub-agent for the provision of passenger transportation agency services (the "Relevant Ferries"). At the same time, such member of the Group and local ferries would acquire from any member of the GDPS Group the regular maintenance and repairing and emergency ad hoc repairing services under the Master Ferry Technical Support Agency Services Agreement.

The term of the Master Ferry Technical Support Agency Services Agreement is three years from 1 January 2022 to 31 December 2024. The pricing basis for the ferry technical support agency services is determined on the basis of the market rates for maintenance and repair technical support services charged by GDPS. In order to ensure that the service fees payable by the Group and the terms offered by GDPS are fair and reasonable and in line with the prevailing market rates, the Group will obtain two quotations from other service providers (who are independent third parties with scale similar to GDPS) that offered to other customers (with scale similar to the Group) for the provision of similar ferry technical support agency services prior to the renewal of the Agreement. The relevant fees and terms offered to the Group shall be no less favourable than those offered by independent third parties. The annual caps of the Master Ferry Technical Support Agency Services Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$199,000,000, HK$21,000,000 and HK$23,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$5,403,000.

3. Master Ferry Terminal Luggage Facilities and Handling Services Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service recipient) entered into a master ferry terminal luggage facilities and handling services agreement (the "Master Ferry Terminal Luggage Facilities and Handling Services Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service provider) in respect of the provision of ferry terminal luggage facilities and handling services by any member of the GDPS Group, at the request of any member of the Group from time to time, to any member of the Group (who stop their ferries at the relevant terminal for passengers departing from and arriving in Hong Kong), in accordance with the terms and conditions of the relevant ferry terminal luggage facilities and handling services agreement to be entered into between any member of the Group and any member of the GDPS Group. The provision of the ferry terminal luggage facilities includes (among others) the provision of such facilities at the relevant terminals, which allows the passengers departing from and arriving in Hong Kong at the relevant terminals to check-in and/or undergo clearance of their luggage at the relevant terminals. The provision of luggage handling services includes (among others) the operation, maintenance and repairing of the luggage handling system and equipment situated at the relevant terminals, and the provision of luggage handling services and berthing services to all passenger ferries using the relevant terminals. All passenger ferries between the Pearl River Delta region and Hong Kong are designated by the relevant Hong Kong government agencies to berth at the relevant terminals in Hong Kong, one of which is the relevant terminal.

The term of the Master Ferry Terminal Luggage Facilities and Handling Services Agreement is three years from 1 January 2022 to 31 December 2024. The service fee charged by GDPS for the provision of terminal luggage facilities and handling services at the relevant terminals is the standard rate and is the same as the prevailing rate charged to other ferry service carriers (which are independent third parties) at the same relevant terminal. The service fee for the provision of the terminal luggage facilities and handling services comprises (i) passenger levy (which is based on the number of passengers departing from and arriving at the relevant terminals); and (ii) luggage handling charges (which is based on the number of luggage handled at the relevant terminals). The passenger levy and luggage handling charges shall be agreed by the parties from time to time after arm's length negotiations with reference to the prevailing rates charged to other ferry operators (other than the Group) of other routes at the same relevant terminal at the relevant time. Such terms shall be no less favourable than the terms on which GDPS provides similar services to independent third parties in the ordinary course of its business at the relevant terminals. The annual caps of the Master Ferry Terminal Luggage Facilities and Handling Services Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$4,400,000, HK$5,800,000 and HK$6,600,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$0.

4. Master Sub-baggage Handling Services Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service provider) entered into a master sub-baggage handling services agreement (the "Master Sub-Baggage Handling Services Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service recipient) in respect of any member of the Group agree to accept the appointment of any member of the GDPS Group (who is appointed and authorised by the relevant government authorities to provide terminal baggage facilities and handling services at the relevant terminal) as a subcontractor to provide baggage handling services at the relevant terminals. For that matter, any member of the Group agrees to provide baggage handling services directly to all ferry service carriers (including but not limited to the Group itself) that stop their ferries at the relevant terminals for passengers entering and leaving Hong Kong, at the request of any member company of GDPS from time to time, in accordance with the terms and conditions of the relevant sub-baggage handling service agreement to be signed between any member company of the Group and any member company of GDPS.

The term of the Master Sub-baggage Handling Service Agreement is three years from 1 January 2022 to 31 December 2024. The sub-baggage handling charges were agreed from time to time after arm's length negotiation between the parties by making reference to the amount of the handling charges received by the relevant member of the GDPS Group from all ferry service carriers based on the number of luggage handled at the relevant terminal. The service fee for baggage handling services provided by the Group under the Master Sub-baggage Handling Service Agreement shall be the same as the handling fee levied by the relevant member of the GDPS on all ferry carriers. These terms shall be no more favourable than the terms offered by the Group to independent third parties. For the years ended 31 December 2022, 2023 and 2024, the annual caps for the total baggage handling service agreement are HK$5,500,000, HK$7,500,000 and HK$8,500,000 respectively. The total amount of the above transactions for the year ended 31 December 2022 was HK$38,000.

5. Master Rental Agreement

On 30 November 2021, the Company (on behalf of the Group, as a lessee) entered into a master rental agreement (the "Master Rental Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a lessor), in respect of any member of the GDPS Group agree to lease, at the request of any member of the Group, the property owned by any member of the GDPS Group (including but not limited to warehouses, offices, parking spaces and staff quarters) to any member of the Group from time to time, in accordance with the terms and conditions of the relevant rental agreement to be entered into between any member of the Group and any member of the GDPS Group.

The term of the Master Rental Agreement is three years from 1 January 2022 to 31 December 2024. The rent in respect of leasing of the warehouses, offices, car parking spaces and staff quarters are based on arm's length negotiation between each party involved with reference to the prevailing market rates for properties of similar size and quality of the said properties in the same region. Prior to the renewal of the rental agreement, the Group will obtain two lists of other comparable properties. The Group will compare the information obtained to determine whether the quoted prices and terms provided by the GDPS Group are no less favourable than those offered by independent third parties. The annual caps of the Master Tenancy Agreement for the years ended 31 December 2022, 2023 and 2024 HK$28,000,000, HK$28,000,000 and HK$28,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$18,588,000.

6. Master Vessels Rental Agreement

On 30 November 2021, the Company (on behalf of the Group, as a lessee) entered into a master vessels rental agreement (the "Master Vessels Rental Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a lessor) in respect of the GDPS agrees, at the request of any member of the Group and in accordance with the terms and conditions of the relevant vessel rental agreement to be entered into between members of the Group and members of the GDPS Group, to (i) lease the cargo vessels owned by the GDPS Group to the Group from time to time (inclusive of relevant expenses for operating the cargo vessels but excluding fuel charge); and (ii) provide non-scheduled vessel space or charter vessels for transportation of cargo between the PRC and Hong Kong.

The term of the Master Vessels Rental Agreement is three years from 1 January 2022 to 31 December 2024. The rent in respect of the leasing of cargo vessels is determined with reference to the prevailing market rental of cargo vessels and the relevant cost of expenses for operating the cargo vessels (excluding fuel charge), and the service fees in respect of the provision of non-scheduled vessel space or charters vessels will be determined based on the space of the cargo vessel and the destination of transportation. The rental and service fees under the Master Vessels Rental Agreement are based on the number of monthly sailings and the charges for each route, and the charges for each route are based on the cargo tonnage and capacity of the cargo vessels. Prior to the renewal of the Agreement, the Group will obtain quotations from two cargo vessel providers operating similar routes, which are independent third parties with operation scale similar to that of the GDPS, to ensure that the terms of the Master Vessels Rental Agreement are no less favourable than those offered by the independent third parties. The annual caps of the Master Vessels Rental Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$48,000,000, HK$51,000,000 and HK$53,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$37,237,000.

7. **Master Ferries Rental Agreement**

On 30 November 2021, the Company (on behalf of the Group, as a lessee) entered into a master ferries rental agreement (the "Master Ferries Rental Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a lessor) in respect of GDPS agree to lease its ferries, at the request of any member of the Group from time to time and in accordance with the terms and conditions of the relevant ferries rental agreements to be entered into between members of the Group and members of the GDPS Group.

The term of the Master Ferries Rental Agreement is three years from 1 January 2022 to 31 December 2024. The rent in respect of the leasing of ferries is based on the size and capacity of the ferries, the number of leased voyages and the prevailing market rates. Prior to the renewal of the agreement, the Group will obtain at least two quotations from ferry rental providers operating similar rental voyages, which are independent third parties of similar scale of operation to the Group, to ensure that the rental rates under the Master Ferries Rental Agreement are in line with the prevailing market rates and terms no less favourable than those offered by independent third parties. The annual caps of the Master Ferries Rental Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$7,000,000, HK$7,800,000 and HK$8,800,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$6,726,000.

8. **Master Cargo Storage Agreement**

On 30 November 2021, the Company (on behalf of the Group, as a service provider) entered into a master cargo storage agreement (the "Master Cargo Storage Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service recipient) in respect of any member of the Group agree to provide cargo storage services to any member of the GDPS Group, at the request by any member of the GDPS Group in accordance with the terms and conditions of the relevant cargo storage agreement to be entered into between any member of the Group and any member of the GDPS Group.

The "Master Cargo Storage Agreement" is for a term of three years commencing from 1 January 2022 to 31 December 2024, and the fees for the cargo storage services are determined by the parties at the time of entering into the relevant service agreement with reference to the weight and type of cargoes, mode of transportation, type of storage space required and operating costs. The fees quoted by the Group will be similar to those provided to independent third parties operating on a similar scale at the time of the relevant agreements to be entered into under the Master Cargo Storage Agreement to ensure that the terms under the Master Cargo Storage Agreement are no better than those provided by the Group to independent third parties. The annual caps of the Master Cargo Storage Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$3,600,000, HK$3,800,000 and HK$4,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$577,000.

9. Master Fuel Supply Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service provider) entered into a master fuel supply agreement (the "Master Fuel Supply Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service recipient) in respect of supplying diesel and lubricants to passenger ferries and cargo vessels owned, chartered, operated or acted as agent by the GDPS Group in Hong Kong at the request by any member of the GDPS Group from time to time in accordance with the terms and conditions of the relevant fuel supply agreement to be entered into between members of the Group and members of the GDPS Group.

The term of the Master Fuel Supply Charge Agreement is from 1 January 2022 to 31 December 2024. Depending on the terms of supply and the size of customers, the price of diesel is determined by the terms of supply and customer size, and the Group's pricing basis for the supply of diesel is briefly described as follows: (a) the average spot price of diesel in the Singapore market for the month and (ii) the total of the diesel supplier's storage and transportation costs plus operational handling charges; or (b) based on the spot price of diesel in the Singapore market on the day prior to the supply of diesel, and with reference to Brent crude oil prices as well as the movement of diesel prices published by one of the largest diesel suppliers in Hong Kong. For the supply of lubricants, the Group will determine the amount based on cost plus prevailing market rate. The annual caps of the Master Fuel Supply Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$182,000,000, HK$184,000,000 and HK$185,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$17,016,000.

10. Master Transportation Agreement

On 30 November 2021, the Company (on behalf of the Group, as a service recipient) entered into a master transportation agreement (the "Master Transportation Agreement") with GDPS (the Company's parent company, on behalf of the GDPS Group, as a service provider) in respect of GDPS agree to the provision of (i) shipping transportation service; (ii) hauling and trucking service; (iii) wharf cargo handling service; and (iv) cargo agency service between Hong Kong and the PRC to the Group, at the request of any member of the Group from time to time in accordance with the terms and conditions of the relevant transportation agreement to be entered into between any member of the Group and any member of the GDPS Group.

The term of the Master Transportation Agreement is three years from 1 January 2022 to 31 December 2024. The service fee is determined based on the destination of transportation, size of the cargoes, weight of the cargoes and the number of cargoes. The Master Transportation Agreement includes the provision of cargo transportation services and related services to the relevant cargo terminals, which charged published rates for the provision of (i) shipping transportation services; (ii) hauling and trucking services; (iii) wharf cargo handling services; and (iv) cargo agency services similar to those between Hong Kong and the PRC. As the service fees and terms charged by the relevant terminals are based on published rates, the terms offered to the Group are no less favourable than those offered to independent third parties. The annual caps of the Master Transportation Agreement for the years ended 31 December 2022, 2023, and 2024 are HK$74,000,000, HK$78,000,000 and HK$82,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$72,273,000.

11. Management Agreement

On 30 June 2020, the Company (on behalf of the Group, as a service provider) entered into a management agreement (the "New Management Agreement") with CKSE (the Company's immediate holding company, as a service recipient) in respect of the provision of management services for the assets of CKSE.

The term of the Management Agreement was 3 years from 1 July 2021 to 30 June 2023. The management fees were agreed between CKSE and the Company on an arm's length basis, with reference to the costs incurred by the Company for providing the asset management service as well as the Company's experience in operating and managing the similar type of assets. The annual caps of the Management Agreement for the years ended 31 December 2020, 2021, 2022, and 2023 are HK$15,000,000, HK$30,000,000, HK$30,000,000 and HK$15,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was HK$30,000,000.

The above CCT were beneficial for the operations of the Group and/or provided stable income and profit to the Group. The items (1) to (8) and (11) above were CCT subject to the reporting and announcement requirements and exempt from the independent Shareholders' approval requirement, while item (9) and (10) was CCT subject to the reporting, announcement requirement and the independent Shareholders' approval requirements which was approved by the independent Shareholders at the general meeting held on 20 January 2022.

The aforesaid CCT have been reviewed by the independent non-executive Directors. The independent non-executive Directors confirmed that these connected transactions were entered into (a) in the usual course of business of the Group; (b) on normal commercial terms or better terms; (c) in accordance with the agreements relating to the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (d) without exceeding the relevant cap amount disclosed in the previous announcements.

The Board engaged the auditor of the Company to report on the Group's CCT in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the CCT set out above in accordance with Rule 14A.56 of the Listing Rules. The auditor has confirmed that the aforesaid CCT: (1) have been approved by the Board; (2) were in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group; (3) were entered into, in all material respects, in accordance with the agreements relating to the transactions; and (4) have not exceeded the respective caps. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Part of the related party transactions (the "RPT") disclosed in note 35 to the financial statements are the CT/CCT under Chapter 14A of the Listing Rules. The table below shows the amounts of the CT/CCT as defined in Chapter 14A of the Listing Rules among the RPT as disclosed in note 35 to the financial statements:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
RPT Items	**RPT Amount HK$'000**	**of which constitute CT/CCT HK$'000**	**RPT Amount** HK$'000	**of which constitute CT/CCT** HK$'000
Revenues:				
Shipping agency, river trade cargo direct shipment and transshipment income	**4,793**	**2,953**	6,589	2,966
Sub-baggage handling services fee	**38**	**38**	38	38
Management service fees	**39,431**	**30,473**	40,903	30,689
Vessel rental income	**7,718**	**2,500**	5,590	2,982
Interest income	**26**	**–**	100	–
Fuel supply income	**16,337**	**16,337**	11,073	59,051
Marine bunkering service	**679**	**679**	319	319
Consulting and software service	**1,233**	**1,076**	1,752	1,427
Agency service fee	**369**	**348**	506	388
Repairing and maintenance service	**316**	**316**	61	58
Cargo warehousing service	**577**	**577**	–	–
Expenses:				
Shipping agency, river trade cargo direct shipment and transshipment expenses	**5,020**	**5,020**	4,476	4,476
Wharf cargo handling, cargo transportation and godown storage expenses	**97,291**	**67,253**	56,574	46,871
Ferry rental expenses	**6,726**	**6,726**	5,786	5,786
Vessel rental expenses	**37,237**	**37,237**	38,682	37,099
Warehouse rental expenses	**5,000**	**5,000**	5,000	5,000
Office rental expenses	**9,959**	**9,959**	9,347	9,347
Staff quarter rental expenses	**2,219**	**2,219**	2,779	2,779
Property management fee expenses	**1,419**	**1,410**	690	690
Loan interest expenses	**252**	**–**	422	–
IT Management fee expenses	**1,637**	**1,637**	2,948	2,948
Repair and maintenance expenses	**5,403**	**5,403**	11,900	11,900
Management fee	**2,323**	**2,323**	–	–

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules from time to time in respect of the aforementioned CT/CCT.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS OR ITS SUBSIDIARIES

Save as disclosed in this annual report, there were no contracts of significance or material contracts on the provision of services between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the year.

INSURANCE ARRANGEMENT FOR DIRECTORS/PERMITTED INDEMNITY PROVISION

In order to facilitate the exercise of power by the Directors, the Company has already arranged suitable insurance in respect of the possible legal actions against the Directors to indemnify them from the liabilities that may arise from their participation in the decision-making process of the Company. These provisions were effective for the financial year ended 31 December 2022 and remained effective as at the date of this report.

DONATIONS

The Group's charitable and other donations for the year amounted to RMB$172,628 (equivalent to approximately HK$202,000) (2021: HK$nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, save as disclosed in the Corporate Governance Report, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the accounting period covered by this annual report. Please refer to the Corporate Governance Report on pages 65 to 84 of this annual report.

EXECUTIVE COMMITTEE

The Company has established an executive committee to approve and undertake transactions on behalf of the Board in respect of various investment projects or other day-to-day business operations within the authorised limit. Members of the committee shall be the chairman of the Board or/and executive Directors and the committee has written terms of reference.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and supervising the Group's financial reporting process, internal controls, risk management and corporate governance. The committee comprises three independent non-executive Directors. The committee meets at least twice a year and has written terms of reference.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with the requirements of the Listing Rules to formulate the remuneration policy of the Company and determine the remunerations for the executive Directors and the senior management. The committee comprises three independent non-executive Directors and one executive Director. The committee meets at least twice a year and has written terms of reference.

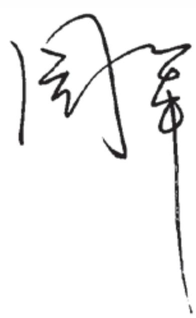
NOMINATION COMMITTEE

The Company has established a nomination committee in compliance with the requirements of the Listing Rules for proposing the nomination of Directors and senior management to the Board. Members of the committee shall comprise Directors and the number of which shall not be less than three, with a majority of independent non-executive Directors. The committee has written terms of reference.

AUDITOR

KPMG will retire on the expiry of its term at the 2022 annual general meeting of the Company. A resolution to reappoint KPMG as the auditor of the Company and to authorise the Directors to fix its remuneration will be proposed at the 2023 annual general meeting of the Company.

BY ORDER OF THE BOARD



Zhou Jun
Managing Director
Hong Kong, 24 March 2023

EXECUTIVE DIRECTORS

Mr. Liu Guanghui, aged 51, was appointed as executive director of the Company and chairman of the Board on 27 August 2021, responsible for the strategic planning and decision-making of the Group. Mr. Liu graduated from InterAmerican University with a master degree in business administration in 2011 and graduated from the Graduate School of the Party School of the Central Committee of the Communist Party of China in 2016 with a postgraduate degree in economics. Mr. Liu joined the shipping industry in 1991 and began to engage in shipping and tourism management related works. He was successively appointed as deputy general manager and general manager of Guangdong Zhujiang International Travel Services Co., Ltd. from July 2000 to December 2006, appointed as the general manager of Blue Dolphin Cruises Branch of Guangdong Zhujiang Shipping Co., Ltd. and Guangdong Zhujiang International Travel Services Co., Ltd. from January 2007 to January 2009, the director and deputy general manager of Guangdong Zhujiang Shipping Co., Ltd., the general manager of Blue Dolphin Cruises Branch of Guangdong Zhujiang Shipping Co., Ltd. and Guangdong Zhujiang International Travel Services Co., Ltd. and the chairman of Guangdong Zhuhang Tourism Automobile Co., Ltd. from January 2009 to December 2010, the general manager of Guangdong Zhujiang Shipping Co., Ltd. from January 2011 to May 2012, the chairman of Guangdong Zhujiang Shipping Co., Ltd. from June 2012 to April 2014, the chairman of Guangdong Zhujiang Shipping Co., Ltd. and Guangdong Zhanjiang Shipping Group Co., Ltd. from May 2014 to October 2014, the chairman of Guangdong Zhanjiang Shipping Group Co., Ltd. from October 2014 to August 2021. He is currently the director of Chu Kong Shipping Enterprises (Holdings) Co., Ltd. and chairman of Guangdong Chu Kong Shipping Co., Ltd. Mr. Liu has more than 30 years of experience in operation and administration management in the navigation and tourism industries.

Mr. Zhou Jun, aged 51, was appointed as executive director and general manager of the Company on 7 February 2022, responsible for the production, operation and development of the Group. Mr. Zhou was graduated from Changsha Jiaotong University in 1995 majoring in finance, and obtained a master degree in business administration from Changsha University of Science & Technology in 2013. He is also a certified senior economist of the People's Republic of China. Mr. Zhou has 27 years of experience in finance and investment management industry since 1995. Mr. Zhou worked successively as the chief accountant, director and general manager of Foshan Guang-San Expressway Company Limited from 1999 to 2013, director and general manager of Guangdong Yue-Gan Expressway Company Limited and Guangdong Hehui Expressway Co., Ltd. from 2013 to 2015, director and deputy general manager of Guangdong Litong Real Estate Investment Co., Ltd. from 2015 to 2019, general manager of the capital operation department of Guangdong Provincial Port & Shipping Group Company Limited from August 2019 to January 2022 and deputy general manager of the Company from April 2020 to February 2022. He is currently the director of CKSE and Guangdong Chu Kong Shipping Co., Ltd., as well as the chairman of Guangdong Yunfu Port & Shipping Investment Group Company Limited and Hong Kong International Airport Ferry Terminal Services Limited.

Mr. Liu Wuwei, aged 51, was appointed as executive director and deputy general manager of the Company on 18 July 2018, mainly responsible for production, operation and management of the Group. Mr. Liu graduated from University of South Australia with a master degree in business administration and is also a certified economist in the People's Republic of China. Mr. Liu has joined the Group since 1992, and worked successively as the deputy general manager and the managing director of CKTL from 2006 to 2013 and the director, deputy general manager of Chu Kong Shipping (Guangdong) Logistics Co., Ltd. from 2013 to 2018. Currently, he is also the director of Chu Kong River Trade Terminal Co., Ltd.. Mr. Liu has 30 years of experience in logistics, river trade terminal operation management and marketing.

Mr. Wu Qiang, aged 57, was appointed as executive director and general manager of the Company on 17 September 2018, responsible for the production, operation and development of the Group. Mr. Wu resigned on 7 February 2022. Mr. Wu graduated from Wuhan Technical College of Communications, majoring in material management and is also a certified economist in the People's Republic of China. He joined the material management and navigation management sector since 1986 with over 30 years of working experience. Mr. Wu was successively appointed as the deputy general manager and the managing director of Chu Kong Air-Sea Union Transportation Company Limited from 2005 to 2012, the chief marketing officer, the deputy general manager and the director of CKTL from 2010 to 2012, the managing director of Guangzhou Nansha Economic & Technological Development Zone Tung-Fat Cargo Terminal Ltd. from 2012 to 2014, the executive deputy general manager and director of Guangdong Province Zhanjiang Navigation (Group) Co., Ltd. and the chairman of Guangdong Xuwen Terminal and Shipping Co., Ltd. from 2014 to 2018 and the executive deputy general manager of the Company from 18 July 2018 to 16 September 2018.

NON-EXECUTIVE DIRECTOR

Ms. Zhong Yan, aged 47, was appointed as non-executive director of the Company on 1 April 2020, participating in strategic planning and decision-making of the Group. Ms. Zhong graduated from Shanghai Maritime University in 1997, majoring in Computer Science and Computer Application and minoring in International Container Transportation Management, and studied a master degree in Global Economy at Sun Yat-Sen University between 2000 and 2003. She is also a certified assistant engineer and certified economist in the People's Republic of China. She has 25 years of experience in information technology, disciplinary inspection, supervisory audit and trade union management since 1997. She has joined GDPS since 2000 and worked successively in the information center, general manager's office, comprehensive management department and female staff association, etc. Ms. Zhong was successively appointed as the chairman of the union and secretary of the commission for discipline inspection of Guangdong Bonny Fair Heavy Industry Limited from 2013 to 2018, member of the commission for discipline inspection and deputy manager of the supervision and audit department of GDPS from 2016 to 2019, deputy general manager of Guangzhou Hangcheng Real Estate Development Operation Co., Ltd. from 2019 to March 2020. Ms. Zhong is currently the director of CKSE.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kay-cheung, aged 76, was an executive director and the deputy chief executive of The Bank of East Asia, Limited and he was the vice chairman of The Bank of East Asia (China) Limited. Mr. Chan joined The Bank of East Asia, Limited in 1965 and possesses extensive knowledge and experience in the banking industry. Mr. Chan is a fellow member of the Hong Kong Institute of Bankers. Mr. Chan is also an independent non-executive director of China Electronics Corporation Holdings Company Limited and SOCAM Development Limited. He was an independent non-executive director of Dah Chong Hong Holdings Limited and Hong Kong Food Investment Holdings Limited. Mr. Chan was appointed as independent non-executive director of the Company in April 1998.

Ms. Yau Lai Man, aged 59, was appointed as independent non-executive director of the Company on 1 January 2005. Prior to joining the Group in 2001, Ms. Yau had worked with a "big four" accounting firm and a multinational corporation. Ms. Yau obtained a master degree in business administration from The University of Warwick in the United Kingdom. Ms. Yau is a member of the Hong Kong Institute of Certified Public Accountants and is also a member of the Institute of Chartered Accountants in England & Wales. Ms. Yau presently is an executive director of Essex Bio-Technology Limited listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Yau is a director of Essex Bio-Investment Limited, Essex Bio-Pharmacy Limited, Zhuhai Essex Bio-Pharmaceutical Company Limited, Zhuhai UNO Technology Company Limited and UNO Medical (Zhuhai) Company Limited, all being subsidiaries of Essex Bio-Technology Limited.

Mr. Chow Bing Sing, aged 73, was appointed as independent non-executive director of the Company on 1 June 2010. Mr. Chow graduated as a bachelor of social sciences at the University of Hong Kong in 1974. He worked as a social worker in his early career years and later joined the aviation industry. He had held senior management positions with the Civil Aviation Department of the Government of the HKSAR and the Airport Authority Hong Kong and has over 30 years of experience in the aviation and logistics sectors. Mr. Chow is a chartered member of the Chartered Institute of Logistics and Transport in Hong Kong and a member of the Hong Kong Logistics Association.

SENIOR MANAGEMENT

Mr. Yu Junjie, aged 40, was appointed as deputy general manager of the Company on 10 November 2021. He oversees the administration and logistics, confidentiality, financial management, safety production as well as legal affairs. Mr. Yu graduated from Dalian Maritime University with a bachelor degree in logistics engineering in 2004 and obtained a master degree in operations and supply chain management from the City University of Hong Kong in 2012. Mr. Yu joined the logistics and shipping management sector since 2004 with 18 years of working experience. Mr. Yu was appointed as deputy manager of the integrated logistics department of Chu Kong Transhipment & Logistics Company Limited from 2010 to 2013, and general manager of Chu Kong Logistics (Singapore) Pte. Ltd. from 2013 to October 2021.

Mr. Lin Shengqi, aged 47, was appointed as the deputy general manager of the Company in April 2022. He oversees the investment development, capital operation and construction project of the Group. Mr. Lin graduated from Sun Yat-sen University with a bachelor's degree in international finance in 1998 and obtained a master degree in business administration from Jinan University in 2006. Mr. Lin has been working in the investment development management sector since 1998, he was successively appointed as the deputy general manager and the general manager of investment development department of CKSE from 2008, the general manager of investment development department of the Company from 2011, the managing director of Guangzhou Nansha International Logistics Park Development Co., Ltd. from 2012, and the deputy general manager of strategic development department of GDPS from 2016. Mr. Lin was appointed as the development officer, general manager of investment and development department (research department), and capital operation department of the Company in 2019. Currently, Mr. Lin is also the chairman of Chu Kong River Trade Terminal Co., Ltd., the deputy chairman of Guangzhou Foshan Expressway Ltd., the director of Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited and Chu Kong Passenger Transport Company Limited. Mr. Lin has over 24 years of experience in warehouse logistics management and investment development.

Mr. Ye Fei, aged 47, was appointed as financial controller of the Company in August 2020, he is mainly responsible for financial management and control of the Group. Mr. Ye graduated from the Guangdong University of Business Studies in 1998, majoring in accounting, and obtained a master degree in accounting from Jinan University in 2011. He is also a certified senior accountant of the People's Republic of China. Mr. Ye has been engaged in financial and management sector since 1998 and worked successively as the finance manager of CKPT and Guangdong Province Zhujiang Shipping Co., Ltd. He worked as the deputy general manager of the finance department of GDPS from 2014 to 2020. Mr. Ye has more than 24 years of experience in accounting and financial management. Currently, Mr. Ye is also the vice-chairman of Foshan Nanhai Pinggang Passenger Transportation Co., Ltd. and Doumen-Hong Kong Passenger Transportation Integrated Co., Ltd., as well as the director of Chu Kong Transhipment & Logistics Company Limited, CKPT, Chu Kong High-Speed Ferry Company Limited, Sun Kong Petroleum Company Limited, Chu Kong River Trade Terminal Co., Ltd., China Hong Kong Macau Duty Free Goods Limited, GTF Maritime Financial Leasing Co., Ltd., Zhongshan-HongKong Passenger Shipping Co-op Co., Ltd., CNT Security Company Limited, Sun Ferry Services Company Limited and China Ferry Terminal Services Limited, etc.

Mr. Zeng Lilang, aged 43, was appointed as development officer and general manager of the investment & development department (research department) of the Company in July 2022, mainly responsible for the investment development of the Group. Mr. Zeng graduated from Dalian Maritime University with a bachelor degree in law (maritime law) in 2003, and obtained a master degree in law from Renmin University of China in 2009. Mr. Zeng joined the Group in 2003, and has been worked successively as the deputy general manager and general manager of the human resources department of Cotai Chu Kong Shipping Management Services Company Limited since 2007, the general manager of the human resources department of Chu Kong High-Speed Ferry Company Limited since 2012, the assistant general manager and deputy general manager of Chu Kong Cargo Terminals (Gaoming) Co., Ltd. since 2013, and the general manager of Guangzhou Panyu Lianhuashan Pangang Transportation Co., Ltd. since 2019. Currently, Mr. Zeng is also the chairman of Guangdong Zhuan Duty Free Co., Ltd., the deputy chairman of Foshan New Port Ltd., director of Chu Kong Shipping (Guangdong) Investment Co., Ltd., Bonny Fair Development Limited, Chu Kong Shipping Investment (Norway) Limited, Brodrene AA Shipyard in Norway, Shenzhen State-owned Duty Free Goods (Group) Co., Ltd, Pazhou (Guangzhou) Hong Kong and Macao Passenger Transport Company Limited, and Guangzhou Nansha Feeders Terminal Co., Ltd.. Mr. Zeng has 19 years of experience in human resources management, passenger transportation and port logistics management.

Ms. Cheung Mei Ki Maggie, aged 56, joined the Company in 2008, and was appointed as the company secretary on 1 April 2012, and appointed as the deputy general manager of the capital operation department in 2018, responsible for the Group's capital planning, investor relations, company secretarial and corporate governance matters. Ms. Cheung served as the general manager in assurance and the deputy general manager of the internal audit department of the Company and was also the financial controller of Sun Ferry Services Company Limited from May 2020 to September 2022. Before joining the Company, Ms. Cheung had held position in Hong Kong Air Cargo Terminals Limited. Ms. Cheung graduated from the Hong Kong Polytechnic University in 2010 with a master degree in corporate governance and graduated from The University of Strathclyde (in the United Kingdom) in 2003 with a master degree in business administration. She is a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), The Chartered Governance Institute in the United Kingdom (formerly known as The Institute of Chartered Secretaries and Administrators), the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a fellow of the Taxation Institute of Hong Kong and a Certified Tax Adviser in Hong Kong. She has over 30 years' experience in accounting, financial management and corporate governance.

The Company strives to maintain a high standard of corporate governance practices and procedures to safeguard the interests of its shareholders. The corporate governance level is constantly improved and enhanced by establishing an internal control and risk management system and enhancing accountability and transparency.

CORPORATE GOVERNANCE PRACTICE

The Directors have adopted various policies to ensure compliance with the requirement of Corporate Governance Code (the "Code") under Appendix 14 and the provisions set out in Part 2 of the Code (the "Provisions") in the Listing Rules. The Board considers that the Company has complied with all the applicable provisions during the year except with the deviation as disclosed in this report. 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.

CORPORATE CULTURE AND VALUES

In order to ensure that a healthy corporate culture is cultivated and that the Company's purpose, values and strategies are aligned with its culture, the Board will strictly enforce internal policies and internal risk assessments such as the Anti-Corruption Policy (《反貪腐政策》) and the Whistleblowing Policy (《舉報政策》). Apart from organising regular trainings for our employees, the Company will make appropriate adjustments to various policies from time to time in order to regulate and promote a legal, ethical and responsible corporate culture. The Company also places great emphasis on transparency and accountability, and will regularly communicate with relevant stakeholders with respect to their business performance. On the Board level, the Company requires all Directors to act with integrity, to lead by example, to be committed to promoting the said corporate culture, and to consistently reinforce the values of acting lawfully, ethically and responsibly.

The Company believes that fostering a legal, ethical, and responsible corporate culture is critical to the Company's long term sustainability goals, which in turn will enable the Company to nurture and attract talented individuals, build a healthy corporate culture, and maintain the Company's ability to grow sustainably and profitably.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted a model code of conduct no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct of Directors conducting securities transactions. All Directors have confirmed, following specific inquiry of all Directors by the Company, that they have complied with the required standards set out in the Model Code in relation to such transactions during the year.

The Company has also formulated written guidelines regarding the securities transactions by the employees of the Company who may be exposed to insider information. The requirements of the written guidelines are no less exacting than those set out in the Model Code. The Company recorded no non-compliance events during the year.

THE BOARD OF DIRECTORS

The Board is responsible for formulating the overall development strategy, operation and financial reporting of the Company, internal control and risk management, major acquisitions, substantial connected transactions, annual and interim results, proposed interim and final dividends, proposed appointment or re-election of Directors, appointment of auditor, share issue and repurchase and other operational and financial matters relating to the Company. On 1 October 2019, the Board approved and adopted the "Management Measures for the Board of Directors" (《董事會管理辦法》) to regulate the operation of the Board.

Composition of the Board

As at 31 December 2022, the Board consisted of seven members, namely three executive Directors (Mr. Liu Guanghui, (chairman of the Board), Mr. Zhou Jun and Mr. Liu Wuwei), one non-executive Director (Ms. Zhong Yan) and three independent non-executive Directors (Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing). The Company forms its Board based on the characteristics and uniqueness of its operations to ensure that each Director possesses the required industrial experience and managerial expertise. The personal biographies of the Directors are set out in pages 61 to 63 of the annual report. The Directors clearly understand that they should fulfill their duties diligently in the best interest of the Company and its shareholders. The Company has signed appointment letters with all Directors for a fixed term of three years unless terminated by either party giving to the other not less than 1 month's prior notice in writing, but the Directors are subject to retirement by rotation and re-election according to the Articles of Association.

The Board delegated its authorities and obligations in the management of daily operations, business strategies and the Group's business to the executive Directors and senior management, and delegated certain specific responsibilities to the committees under the Board.

Relationship between Board Members

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship between the Board members.

Responsibilities of the Chairman and Managing Director

It is the consistent policy of the Company to appoint different individuals to act as chairman and managing Director so as to ensure the accountability and independence of the policymaking process of the Company. The chairman of the Group is responsible for leading the Board. The chairman should ensure that the Board works effectively and discharges its responsibilities, and be responsible for building the management of the Company, organising the formulation of the development strategies, etc. The managing Director is responsible for managing the daily business operations of the Company, implementing the development strategies formulated by the Board, expediting the development of high-end integrated logistics business, driving the development of the passenger transportation business, etc. and strengthening the internal management.

According to C.2.7 of the Provisions, the chairman of the Group has held a meeting with the non-executive Director without other executive Directors' presence.

Term of Office of Non-executive Directors

The Company has entered into a letter of appointment with non-executive Director (Ms. Zhong Yan) for a fixed term of three years (from 1 April 2020 to 31 March 2023), subject to retirement by rotation and re-election in accordance with the Articles of Association.

Independent Non-executive Directors

In order to ensure the independence of the policymaking process of the Board and protect the interest of its shareholders, the Company appoints at least three qualified independent non-executive Directors in compliance with Rule 3.10(1), in addition, the Company has complied with Rule 3.10A of the Listing Rules of having at least one-third of the Board being represented by independent non-executive Directors. They are professionals experienced in banking, finance and logistics services. One of the independent non-executive Directors has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules. The Company undertakes to give them adequate access to the information of the Company and encourages them to thoroughly discuss and provide independent opinions on matters of the Company.

According to the provisions of the Code, a service term of over nine years is one of the key factors in determining the independence of an independent non-executive director. Mr. Chan Kay-cheung ("Mr. Chan"), Ms. Yau Lai Man ("Ms. Yau") and Mr. Chow Bing Sing ("Mr. Chow") have served as independent non-executive Directors for over nine years. During their years of service with the Company, Mr. Chan, Ms. Yau and Mr. Chow have contributed by providing independent viewpoints and advice to the Company in relation to its businesses, operations, future development and strategy. The Board considers that Mr. Chan, Ms. Yau and Mr. Chow have the character, integrity, ability and experience to continue to fulfill his/her role as required effectively. The nomination committee of the Company, having separately assessed and reviewed each of Mr. Chan's, Ms. Yau's and Mr. Chow's duties, contributions and scope of work, also believes that Mr. Chan, Ms. Yau and Mr. Chow can independently express opinions on matters of the Company and there is no evidence that his/her over nine years of service with the Company would have any impact on his/her independence and therefore his/her independence is confirmed. According to the Provision B.2.3, if an independent non-executive director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by Shareholders. Ms. Yau retired on rotation at the annual general meeting held on 31 May 2022, and being eligible, offered herself for re-election at the said meeting. Ms. Yau had already been re-appointed by separate resolution of the Shareholders at the said meeting.

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

In addition, in accordance with Provision B.2.4(b), if all the independent non-executive Directors have served on the Board for more than nine years, new independent non-executive Directors should be appointed at the forthcoming annual general meeting. Hon. Rock Chen Chung-nin will be appointed as a new independent non-executive Director at the forthcoming annual general meeting in accordance with Article 84 of the Articles of Association.

The Company has received from each of the current independent non-executive Directors an annual confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors have maintained their respective independence in accordance with the Listing Rules.

Board Diversity Policy

Pursuant to the Provisions, the Board has adopted the Board Diversity Policy since 15 August 2013 which has been revised on 1 January 2019 and 25 August 2022, and is posted on the Company's website. To attain diversity of the Board, it is the Company's policy to consider an array of factors including professional skills, knowledge, experience, age, gender, cultural and educational background, as well as other factors that the Board considers relevant and applicable from time to time, in determining the appointment and reappointment of Board members. Selection to the Board will be made in accordance with the Company's nomination policy, taking into account the Board's diversity policy. All Board appointments will be based on the strengths of the appointee(s) and the potential contribution he or she can bring to the Company, taking into account the benefits of diversity on the Board. To enhance gender diversity, the Board will take opportunities to progressively increase the proportion of women on the Board, and has set measurable targets to ensure that there is at least one Director of a different gender on the Board. During the year, the Company has appointed two women to the Board of the Company, thus achieving gender diversity on the Board and will continue to maintain the aforementioned measurable targets to achieve a diverse Board.

The Board and the Nomination Committee will regularly discuss and review the Board Diversity Policy on an annual basis to ensure its for-going effectiveness. In addition, in determining the composition of the Board, the Company will consider the diversity of the Board from various perspectives, including but not limited to gender, age, culture, educational background, experience, knowledge and the potential contribution that a candidate may bring to the Board. All Board members will be appointed on the basis of merit, and candidates will be considered on the basis of objective criteria to take full account of the benefits of diversity on the Board.

Directors' Responsibilities for Financial Statements

During each financial period, the Directors are responsible for the preparation of the financial statements that give a true and fair view of the state of affairs of the Group and of its results and cash flows during the relevant period. In preparing the financial statements for the year, the Directors selected and applied consistently appropriate accounting policies, made careful and reasonable judgment and estimates, and prepared the financial statements on a going concern basis. The Directors are responsible for the filing of appropriate accounting records that reasonably and accurately disclose the financial position of the Company at any time. The Board is not aware so far of any significant uncertain events or circumstances which would affect the business of the Company or its ability to continue its operation. The responsibilities of the Company's external auditor are set out in the Independent Auditor's Report on pages 85 to 90 of the annual report.

Board Meeting Procedures

The Board held regular meetings during the year. The company secretary assists the chairman in establishing the meeting agenda, and each Director/committee member may request inclusion of items in the agenda. The date and agenda of the Board meeting will be available to the Directors at least 14 days in advance and related documents will be available to the Directors at least 7 days in advance to enable each Director to fully understand the matters to be discussed and make an informed opinion. Draft and final versions of the minutes of Board meetings and Board committee meetings prepared in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the company secretary, are open for inspection at any reasonable time on reasonable notice by any Director. Each Director has the right to seek independent professional advice in furtherance of his/her duties at the expense of the Company. No Director has requested to seek professional advice as mentioned above during the year.

If a Director has a conflict of interest in a matter to be considered at the meetings of the Board and the committee which the Board has determined to be material, such Director may express his/her recommendations but shall not be counted in the quorum and shall abstain from voting on the relevant resolution.

All Directors have unrestricted access to the company secretary who is responsible for ensuring that the Board/committee procedures are complied with, and for advising the Board/committee(s) on compliance matters.

Attendance at Meetings and Time Commitment of Directors

During 2022, the attendance of the Board members at general meetings, the meetings of the Board and respective committees were as follows:

	Attendance in person/number of meetings held					
	General Meeting	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Liu Guanghui (Chairman of the Board)	2/2	4/4	12/12	N/A	2/2	1/1
Mr. Zhou Jun (Managing Director, appointed on 7 February 2022)	1/1	4/4	11/11	N/A	N/A	N/A
Mr. Liu Wuwei (Executive Director)	2/2	3/4	12/12	N/A	N/A	N/A
Ms. Zhong Yan (Non-executive Director)	2/2	3/4	N/A	N/A	N/A	N/A
Mr. Chan Kay-cheung (Independent Non-executive Director)	2/2	4/4	N/A	2/2	2/2	1/1
Ms. Yau Lai Man (Independent Non-executive Director)	2/2	4/4	N/A	2/2	2/2	1/1
Mr. Chow Bing Sing (Independent Non-executive Director)	2/2	4/4	N/A	2/2	2/2	1/1
Mr. Wu Qiang (Managing Director, resigned on 7 February 2022)	1/1	0/0	1/1	N/A	N/A	N/A

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on Board and their respective Board committee meetings, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

Committees under the Board

In order to assist the Directors to perform their responsibilities, the Board has set up four Board committees, namely, the executive committee, the audit committee, the remuneration committee and the nomination committee. The chairmen of all the committees are appointed by the Board, in which the audit committee and the remuneration committee are both chaired by an independent non-executive Director with written terms of reference which were discussed and approved by the Board. The related terms of reference of each committee have been published on the websites of the Company and the Stock Exchange. The duties of the four committees are as follows:

Executive Committee

The Executive Committee was established in 2009 to approve and undertake the transactions on behalf of the Board in respect of each investment project within an authorised limit or other day-to-day business operations. The committee consists of the chairman of the Board or/and executive Directors.

The Executive Committee comprises:
Mr. Liu Guanghui (Chairman of the committee and Chairman of the Board)
Mr. Zhou Jun (Managing Director, appointed on 7 February 2022)
Mr. Liu Wuwei (Executive Director)
Mr. Wu Qiang (Managing Director, resigned on 7 February 2022)

Audit Committee

The Company has established an audit committee in accordance with Rule 3.2.1 of the Listing Rules and the Code. The Audit Committee was established in 2001 to review the Company's financial reporting, internal control, risk management, appointment of auditor and corporate governance issues and make recommendations to the Board. The Audit Committee consists entirely of independent non-executive Directors, who are experienced in finance, internal audit, banking and logistics, and are therefore capable of providing expert opinions on the steady financial operations of the Company. Currently, the Audit Committee comprises three independent non-executive Directors.

Ms. Yau Lai Man, a member of the Audit Committee, has the qualifications required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee comprises:
Mr. Chan Kay-cheung (Chairman of the committee and Independent Non-executive Director)
Ms. Yau Lai Man (Independent Non-executive Director)
Mr. Chow Bing Sing (Independent Non-executive Director)

The Audit Committee held two meetings in 2022 with an average attendance rate of 100% to review the following matters with the Company's senior management and independent auditor during the reporting period:

- Accounting principles adopted by the Company for preparing financial statements;
- Draft annual report, interim report and financial statements of the Company;
- Scope of audit work of external auditor;
- Independent audit results of the Company's financial statements;
- Internal recommendations issued by external auditor to the management and the management's response;
- Appointment of external auditor for providing non-audit services to the Company;
- Proposed audit fee for 2022;
- Internal audit function (including its effectiveness) of the Company, including internal audit policy, internal audit plan and internal audit reports, covering financial monitoring, internal control and risk management;
- Corporate governance of the Company; and
- Connected transactions of the Company.

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

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

Since 2009, the Board has delegated the corporate governance functions to the Audit Committee in accordance with the Provisions A.2, as it considered members of the Audit Committee to be better positioned to provide an objective and independent guidance on governance-related matters.

The Audit Committee has reviewed the Company's compliance with the Provisions or the year and the disclosure in this Corporate Governance Report.

Remuneration Committee

The Company has established a Remuneration Committee in accordance with Rule 3.25 of the Listing Rules and the Code. The Remuneration Committee was established in 2005 to make recommendations to the Board on the remuneration policy of the Company and the remunerations of the Directors and executives appointed by the Board. The Remuneration Committee met twice in 2022 with an average attendance rate of 100%. Currently, the Remuneration Committee comprises three independent non-executive Directors and one executive Director and is chaired by an independent non-executive Director.

The Remuneration Committee comprises:
Mr. Chan Kay-cheung (Chairman of the committee and Independent Non-executive Director)
Ms. Yau Lai Man (Independent Non-executive Director)
Mr. Chow Bing Sing (Independent Non-executive Director)
Mr. Liu Guanghui (Executive Director)

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

During the year, the Remuneration Committee reviewed and assessed the performance and remuneration packages of the Directors of the Company (including executive Directors, non-executive Director and independent non-executive Directors) and discussed on the remuneration and benefits system and policy of the staff of the Group.

Remuneration of Executive Directors:

The remuneration of the executive Directors of the Company mainly includes basic salary, bonus and directors' fee, which were determined by the Board by reference to various factors (including market conditions) upon the recommendations of the Remuneration Committee to the Board. The Company considers various factors in determining the remuneration such as market conditions, comparable companies and time of the Executive Directors spent on managing the affairs of the Company. The Executive Directors currently do not receive any director's remuneration.

Remuneration of Non-executive Director:

Currently, the Non-executive Director does not receive any director's remuneration.

Remuneration of Independent Non-executive Directors:

The Company pays emoluments to Independent Non-executive Directors in form of directors' fee. The Remuneration Committee will present a proposal to the Board, and the Board will make decisions based on market conditions.

Nomination Committee

The Company has established a Nomination Committee in accordance with the Code. The Nomination Committee was established in 2011 and it is mainly responsible for making recommendations to the Board on the appointment of Directors and senior management. The Nomination Committee held one meeting in 2022 with attendance rate of 100%. Currently, the committee comprises four Directors, of which three are independent non-executive Directors. On 1 October 2019, the Board approved and adopted the Nomination Policy which was proposed by the Nomination Committee.

The Nomination Committee comprises:

Mr. Liu Guanghui (Chairman of the committee and Executive Director)
Mr. Chan Kay-cheung (Independent Non-executive Director)
Ms. Yau Lai Man (Independent Non-executive Director)
Mr. Chow Bing Sing (Independent Non-executive Director)

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

During the year, the Nomination Committee has made recommendations to the Board on re-election of retiring Directors. The Nomination Committee also reviewed the structure, size and composition of the Board and believed that the composition of the Board is diversified (also as disclosed in "Composition of the Board" above). The Nomination Committee considers the Board Diversity Policy when nominating the Directors (see the "Board Diversity Policy" above). The Nomination Committee has also reviewed the nomination policy in the year.

According to the Articles of Association, all Directors are subject to retirement by rotation and re-election at annual general meetings of the Company. New Directors appointed by the Board during the year are required to retire and offer themselves for re-election at the first annual general meeting immediately following their appointments. Further, at each annual general meeting, one-third (if not a multiple of three, then the number nearest to one-third) of Directors shall retire from office by rotation and according to the provision of Code B.2.2, every Director shall be subject to retirement by rotation at least once every three years.

Hon. Rock Chen Chung-nin will be appointed as an independent non-executive Director on 1 April 2023, so in accordance with Article 84 of the Articles of Association, Hon. Rock Chen Chung-nin will retire at the forthcoming annual general meeting of the Company. The Nomination Committee recommended to the Board that Hon. Rock Chen Chung-nin be nominated for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 88(i) of the Articles of Association, Mr. Chan Kay-cheung and Mr. Chow Bing Sing will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. The Nomination Committee recommended to the Board that Mr. Chan Kay-cheung and Mr. Chow Bing Sing be nominated for re-election at the forthcoming annual general meeting of the Company.

Nomination Procedures

(i) If the Nomination Committee is required to appoint a Director, the secretary of the Nomination Committee may convene a meeting of the Nomination Committee and invite nominations for Directors, (if any), for consideration by the Nomination Committee prior to the meeting.

(ii) In addition to Director nominees, the Nomination Committee may also nominate non-director nominees.

(iii) Upon receipt of a proposal for the appointment of a new Director and the candidate's curriculum vitae, the Nomination Committee and/or the Board shall evaluate the candidate to determine whether the candidate is qualified in accordance with the criteria set out below.

(iv) The Nomination Committee shall then make recommendations to the Board for its consideration and recommendation for re-election in respect of the appointment of a suitable candidate as a Director. The Nomination Committee may pass a written resolution for the nomination of a Director. A circular will be sent to shareholders for the purpose of providing information on candidates for election or re-election as Directors at general meetings. The names, biographical details (including qualifications and relevant experience), independence, remuneration and other information of the candidates will be included in the circular in accordance with applicable laws, rules and regulations.

The following criteria will be used as a reference by the Nomination Committee in assessing the suitability of the proposed candidates.

- Credibility;
- The required skills, expertise, experience, cultural and educational background, gender, age and other qualities, with due regard to the benefits of diversity on the Board;
- the extent to which the proposed candidate can contribute to the overall effectiveness of the Board and work constructively with existing Directors;
- the skills and experience of the proposed candidate as a Director and how the candidate could enhance the overall effectiveness and performance of the Board;
- the nature of the proposed candidate's existing position, including the directorship or other relationship with the Company and other Directors of the Company, and the impact that such relationships may have on the candidate's ability to exercise independent judgment; and
- other factors that could affect the amount of time the proposed candidate would devote to the performance of his duties in relation to the Company.

Training for Directors and Company Secretary

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest in shares and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have also been updated on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with relevant regulations and enhance their awareness of good corporate governance practices.

All Directors confirmed that they have complied with the Provision C.1.4 on directors' training. During the year, all Directors have participated in continuous professional development by reading materials or attending seminars/briefing sessions to develop and refresh their knowledge and skills and provided records of training to the Company. Current Directors have participated training on the following topics during the year:

	Corporate governance/ updates on laws, rules and regulations		Accounting/financial/ management or other expertise	
	Reading materials	Attending seminars/ briefing sessions	Reading materials	Attending seminars/ briefing sessions
Mr. Liu Guanghui (Chairman of the Board)	✓	✓	✓	✓
Mr. Zhou Jun (Managing Director, appointed on 7 February 2022)	✓	✓	✓	✓
Mr. Liu Wuwei (Executive Director)	✓	✓	✓	✓
Ms. Zhong Yan (Non-executive Director)	✓	✓	✓	✓
Mr. Chan Kay-cheung (Independent Non-executive Director)	✓	✓	✓	✓
Ms. Yau Lai Man (Independent Non-executive Director)	✓	✓	✓	✓
Mr. Chow Bing Sing (Independent Non-executive Director)	✓	✓	✓	✓
Mr. Wu Qiang (Managing Director, resigned on 7 February 2022)	✓	✓	✓	✓

To comply with Rule 3.29 of the Listing Rules, the company secretary has taken no less than 15 hours of relevant professional training during the year.

Changes in Information of Directors

Save as disclosed in this annual report, pursuant to Rule 13.51B(1) of the Listing Rules, following specific enquiry of all Directors by the Company, all Directors have confirmed that there is no any other changes in information of Directors of the Company during 2022 which needs to be disclosed.

Details of changes in the annual remuneration of Directors are set out in the note 37 to the financial statements.

EMPLOYEE GENDER DIVERSITY

The Company aims to maintain an appropriate balance with the growth and diversity of the Company's business and to ensure that recruitment at all levels, including the Board and senior management, meets diversity standards so that a diverse range of talent is considered. Details of the gender balance of the Company's personnel and related data are set out in the Company's Environmental, Social and Governance Report for the year ended 31 December 2022, please refer to the relevant section in the Company's 2022 Environmental, Social and Governance Report. To achieve diversity, the Nomination Committee will regularly discuss and, if necessary, agree on measurable objectives such as gender diversity at the Board meeting, and recommend such objectives to be adopted by the Board.

Specifically, the Nomination Committee will identify and recommend implementation plans to the Board, in helping to build a skilled and experienced workforce, so as to enhance the competitiveness of the Company. For the time being, the Board plans to increase the women's representation, and achieve a proper balance of gender diversity by taking into account shareholder expectations and recommended best practices. The Company will also ensure gender diversity in the recruitment of middle and senior management, and is committed to providing equal employment development opportunities for female employees.

REMUNERATION OF SENIOR MANAGEMENT

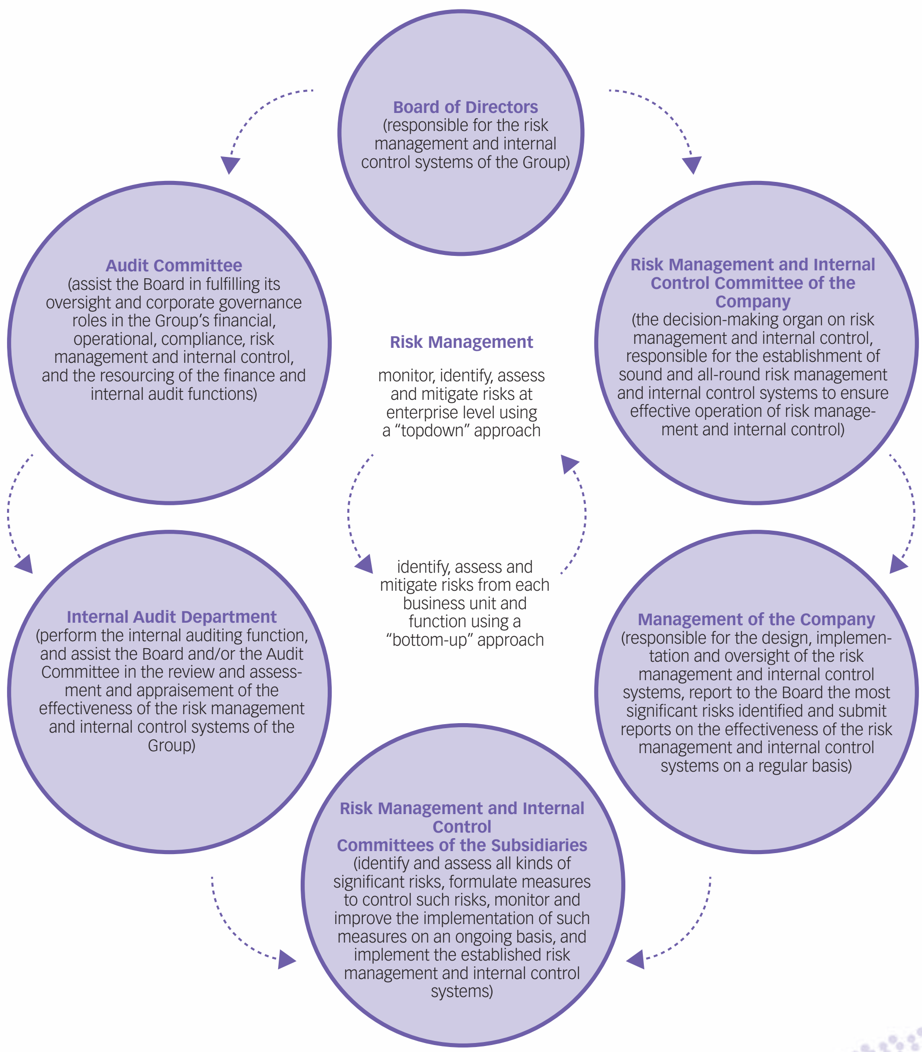
Number of senior management according to the level of remuneration:

Level of remuneration	**Number of Senior Management**	
HK$'000	**2022**	2021
Equal to, or less than 400	**1**	0
401-1,000	**2**	2
1,001-1,800	**2**	1

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has established effective risk management and internal control systems to provide reasonable (though not absolute) assurance against material misstatement or loss and to manage (rather than eliminate) risks of failing to achieve business objectives. The Board shall be responsible for the risk management and internal control systems of the Group and shall review at least annually the effectiveness of such systems for that relevant financial year. The Audit Committee shall assist the Board in fulfilling its oversight and corporate governance functions in the Group's financial, operational, compliance, risk management (including environmental, social and governance risks) and internal control, and the resources of the finance and internal audit functions. The Group has established a set of organisational structure with a clear division of responsibilities and reporting mechanisms.

STRUCTUTE OF RISK MANAGEMENT AND
INTERNAL CONTROL SYSTEMS PROCEDUR



- the internal audit department of the Company ("Internal Audit Department") has internal audit function, and shall assist the Board and/or the Audit Committee in the review of the effectiveness of the Group's internal control and risk management systems (including environmental, social and governance risks) on an ongoing basis. The head of the Internal Audit Department shall report directly to the Audit Committee;

- the Company has also established the Risk Management and Internal Control Committee (the "Risk Control Committee") comprising Mr. Zhou Jun, Mr. Liu Wuwei and heads of all departments, which shall determine the members of the committee and their respective responsibilities, define the work division among all departments and the duties and responsibilities of each group, and give instructions in relation to the commencement of risk assessment (including environmental, social and governance risks) and internal control assessment. The Risk Control Committee shall report directly to the Board about the significant risks that may affect the performance of the Group on a regular basis; and

- the Company will set up task group(s) in light of the actual situation, which will hold meetings regularly to review the effectiveness of the relevant financial, operational and compliance control as well as risk management procedures (including environmental, social and governance risks) and to review on how to make further improvement.

The Company has implemented the following procedures to identify, assess and manage significant risks (including environmental, social and governance risks):

1. the Company has formulated the Guideline on Risk Management (《風險管理工作指引》), and required the Company and all subsidiaries to manage risks in accordance with the Guideline;

2. The Company has established a whistleblowing policy, which is disclosed on the Company's website and compendium of rules and regulation, to which employees, employees of subsidiaries and persons dealing with the Company may access, in order to enable them to raise concerns and report possible improprieties in any matter concerning the Company in a confidential and anonymous manner;

3. all subsidiaries have set up their own risk management and internal control committees and identified their officer-in-charge for risk management. An annual inspection shall be carried out to identify their respective risks, assess all kinds of significant risks, formulate relevant control measures and continuously monitor and improve the risk management and internal control systems. Each of the risk management and internal control committee shall conduct an annual review in the middle of the year for self-inspection and self-reporting of risks/to check the implementation of such control measures, so as to ensure the feasibility and effectiveness of existing control measures;

4. after collecting information on the risk profile of each subsidiary and the relevant control measures implemented by them, the Company would summarise a list of significant risks based on the major risk categories (including market risks, strategic risks, operation risks, financial risks, environmental, social and governance risks, etc.). After ranking these significant risks by priority, the management of the Company would identify the most significant risks and request the relevant companies to focus on the supervision of such risks;

5. the Internal Audit Department would carry out the following tasks every year:

   - to examine if all companies have focused their supervision on the most significant risks;

   - to evaluate the report in relation to the most significant risks;

   - to assess and ensure the effectiveness of the risk management procedures and the audit reporting process;

   - to ensure accurate assessment of each risk; and

   - to implement independent internal audits according to its internal audit plan.

6. the Internal Audit Department would summarise and report the results of the work above to the Audit Committee on a yearly basis.

The formulation and execution procedures of the internal audit plan of the Company are as follows: the Internal Audit Department adopts a risk and control-based audit approach. An annual work plan will be formulated, covering the Group's operation and businesses as well as all the major activities and processes of each subsidiary, and special review will be carried out on the demand of the management. The audit result shall be submitted to the Audit Committee promptly for review. Where any deficiency in the internal control is identified, the subsidiaries are required to make improvements promptly according to the recommendations. Audit issues are tracked and followed up by the Internal Audit Department for proper implementation. The Internal Audit Department shall report to the Audit Committee on a regular basis, while the Audit Committee shall report the audit findings and/or progress of the audit work to the Board after reviewing the relevant information.

The Company adopted the Inside Information Management Policy (《內幕消息管理制度》) in 2013 (as revised in 2015), which provides guideline on the handling and dissemination of the Group's inside information by the Directors and employees who may have access to such information as well as the relevant internal control measures. The Board has authorised the establishment of the Inside Information Committee, a committee under the Executive Committee which comprises the executive Directors, the company secretary, the general manager of the capital operation department and the general manager of the legal department. The members of the Inside Information Committee shall take joint responsibility for the registration and management of the inside information and the insiders of the Group, which shall be organised and implemented by the company secretary and the capital operation department. The officer-in-charge of other departments, branch companies and subsidiaries of the Company as well as the invested companies over which the Company has significant influence shall be responsible for the confidentiality of such information arising within their management authority, and shall report and communicate such inside information that comes to their knowledge.

After being aware of any event potentially involving inside information, the senior officers shall fill in and submit the Inside Information Reporting Form (《內幕消息呈報表格》) truthfully on the date such inside information comes to their knowledge. Upon receipt of such alert, the company secretary shall promptly convey such inside information to the members of the Inside Information Committee for assessment. In accordance with the relevant provisions of the information disclosure rules, members of the Inside Information Committee shall assess on the potential inside information, fill in the Inside Information Assessment Report (《內幕消息評估報告》) and decide whether a disclosure on such information is required. Where it is determined that a disclosure is required to be made, it shall be reported to the securities regulatory authority and made within three working days or as required by the regulatory rules and regulations.

In respect of the review of the adequacy and effectiveness of the risk management and internal control systems, the Internal Audit Department provides independent assurance regarding the adequacy and effectiveness of the Group's risk management and internal control systems to the Board and the Audit Committee. The head of the Internal Audit Department shall report directly to the Audit Committee. With the assistance of the Internal Audit Department, the management of the Group shall be responsible for the design, implementation and monitoring of the risk management and internal control systems. The Annual Self-assessment Form of Internal Controls and Risk Management (《內部控制及風險管理年度自評表》) are dispatched to all subsidiaries, which shall be collected and consolidated by the Company. Such results shall be assessed by the Internal Audit Department and reported to the Audit Committee, which will then review such information and submit reports on the effectiveness of such systems to the Board on a regular basis. Where necessary, the task group(s) will hold meetings regularly to review the effectiveness of the relevant financial, operational as well as compliance control and risk management procedures and to make further improvement.

During the year, the Company has conducted the following major works relating to risk management and internal control:

- completed the works related to the 2022 Risk Management Assessment, further implemented comprehensive risk management measures specific to the 4 major risks assessed and confirmed last year, ensured the relevant measures for those work associated with risk to be in place effectively. For the assessment of comprehensive risk management this year, there is no matter involving "One-vote Veto". Meanwhile, key controls on the risks of 2022, which were identified as production and operational safety risks, etc., were put in place, mainly through strictly executing pandemic prevention measures, responding in a timely manner, strengthening supervision and inspections; conducting business training and specific investigations, etc.. There was no major safety duties incident took place in the Group throughout the year;

- the 2022 Internal Audit Plan was properly organised and implemented so as to enhance the standard of the internal control and risk management of all subsidiaries, with an aim to improve the Company's awareness of risk management and internal control, strengthening the ability to respond to emergencies. This was accomplished by ways of the Annual Self-assessment Form of Internal Controls and Risk Management (《內部控制及風險管理年度自評表》) submitted by each subsidiary and the major risks of the Group confirmed through the Group's Risk Summary Form 《風險總滙表》 together with enhancing the management's goal of reducing costs and increasing efficiency by the management of the Company;

- conducted review and audit on the implementation of the Group's internal control system for connected transactions, identification and monitoring of connected transactions, annual caps on continuing connected transactions and their revisions, as well as internal control processes;

- organised the Group staff to carry out relevant training and cultural construction works to improve risk management and internal control awareness and enhance the standard of the internal audit work, including arranging dedicated internal auditors to attend online and offline practical audit training, inviting the Hong Kong Independent Commission Against Corruption to conduct anti-corruption and bribery prevention educational training for the Group's middle level management or above, and the executive positions members of it's subsidiaries to enhance the anti-corruption awareness;

- further improved the institutional mechanism by introducing and revising the Anti-Corruption Policy and the Whistleblowing Policy in a timely manner; and

- during the year, the year 2022 audit plan was fully completed, a total of 14 internal audit reports were issued. In respect of the 17 audit comments and recommendations provided for the financial year of 2022, improvement works on addressing audit-related issues were in progress, of which 16 were completed. All subsidiaries had been asked to make improvements according to such recommendations.

This year, the Board, through the Audit Committee, reviewed the risk management and internal control systems of the Group. The Board also reviewed and ensured the adequacy of the Group's resources in accounting, internal audit and financial reporting functions, staff qualifications and experience as well as staff training courses. The Annual Self-assessment Form of Internal Controls and Risk Management (《內部控制及風險管理年度自評表》) had been dispatched to all subsidiaries, which had been collected and consolidated by the Company. Such results were assessed by the Internal Audit Department and reported to the Audit Committee, which then reviewed and reported the same to the Board. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or operating results of the Group and considered the risk management and internal control systems to be generally adequate and effective.

REMUNERATION OF AUDITOR

For the year ended 31 December 2022, the Company paid the auditor of the Company the following fees for audit and non-audit services.

	2022 **HK$'000**	2021 HK$'000
Audit Services	**2,529**	2,305
Non-audit Services, including:		
– review of the interim report	**557**	550
– continuing connected transactions, annual results announcement, tax consulting and tax compliance services	**384**	452
	3,470	3,307

COMMUNICATION WITH SHAREHOLDERS

The Board has established a shareholders' communication policy and the procedures for shareholders to nominate a candidate for election as a Director. The policy and procedure are available on the website of the Company.

Set out below are procedures for shareholders of the Company to (1) convene a general meeting; (2) put forward proposals at a general meeting; and (3) put enquiries to the Board. These procedures are generally governed by the Articles of Association and applicable laws, rules and regulations, which prevail over the below information in case of any inconsistencies.

1. Procedures for shareholders of the Company to convene a general meeting

Pursuant to the Articles of Association and the Companies Ordinance of Hong Kong, registered shareholders holding not less than one-twentieth (5%) of the paid up capital of the Company (the "General Meeting Requisitionists") can deposit a written request to convene a general meeting at the registered office of the Company (the "Registered Office"), which is presently situated at 22nd Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong for the attention of the company secretary.

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

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

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

2. Procedures for shareholders to put forward proposals at a general meeting

Shareholders may suggest proposals relating to the Company to be discussed at a general meeting by sending written requisition to the Board or the company secretary of the Company and following the procedures set out in the paragraph headed "Procedures for shareholders of the Company to convene a general meeting" above to convene a general meeting for any business specified in such written requisition.

3. Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Address: 24th Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong
Telephone: (852) 2859 1415
Facsimile: (852) 2186 7204
E-mail: maggie-cksd@cks.com.hk

The general meeting is an important occasion for direct dialogues between Directors, senior executives and shareholders, and the Company attaches great importance to any general meeting. All Directors (including independent non-executive Directors) and senior executives will try to attend the meetings, listen to shareholders' proposals in person, and answer questions raised by shareholders concerning the development strategies and operations of the Company. The Company welcomes shareholders to attend general meetings in person and express their opinions and raised their enquiries to the Directors and management.

INVESTOR RELATIONS AND COMMUNICATIONS

The Company regards investor relations as utmost importance and discloses relevant information timely under the guidelines of the Listing Rules. Updates of the Company are communicated to institutional investors and analysts regularly. In the year, the Company frequently met with fund managers and investment bank analysts and responded swiftly to the queries of the small and medium investors.

The Board has reviewed the Company's communications activities with shareholders and investors for the year ended 31 December 2022, as well as the implementation of the measures mentioned above, and is satisfied that the shareholder and investor communications policy is effective.

During 2022, there was no amendment to the Articles of Association of the Company.

KPMG

Independent auditor's report to the members of
Chu Kong Shipping Enterprises (Group) Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Chu Kong Shipping Enterprises (Group) Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 178, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing impairment of property, plant and equipment, land use rights, intangible assets and goodwill

Refer to accounting policies 2.5, 2.7 and 2.8 and notes 6, 7, 9 and 10 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
The Group has significant balances of property, plant and equipment ("PP&E"), land use rights, intangible assets and goodwill which primarily attributable to port and warehouse facilities, with an aggregated carrying value of HK$2,643,528,000 as at 31 December 2022. Management performs impairment testing of PP&E, land use rights and intangible assets when indicators of impairment are identified. In addition, goodwill impairment assessment is performed by management annually whether or not there is any indication of impairment. In performing impairment assessments, management compared carrying value of each of the separately identifiable cash generating units ("CGU") with respective recoverable amount, which is estimated by preparing a discounted cash flow forecast, to determine the amount of impairment loss, if any. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement in determining the relevant inputs to the discounted cash flow forecasts and the assumptions adopted therein, including forecast revenue growth rates and the discount rates applied.	Our audit procedures to assess impairment of PP&E, land use rights, intangible assets and goodwill included the following: • assessing the management's evaluation of indicators of impairment, identification of CGU, the allocation of PP&E, land use rights, intangible assets and goodwill to each CGU and the methodology adopted by management in the preparation of the discounted cash flow forecasts with reference to our understanding of the Group and the requirements of prevailing accounting standards; • assessing the management's cash flow forecasts by comparing the key assumptions adopted by management, in particular, forecast revenue growth rates and the discount rates applied, with reference to our understanding of the Group's business and industry and available market data; • assessing the historical accuracy of management's forecasting process by comparing the actual results for the current year with management's forecast prepared in the previous year;

Assessing impairment of property, plant and equipment, land use rights, intangible assets and goodwill

Refer to accounting policies 2.5, 2.7 and 2.8 and notes 6, 7, 9 and 10 to the consolidated financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the assessment of impairment of PP&E, land use rights, intangible assets and goodwill as a key audit matter because the assessments involves significant management judgement, particularly in forecasting revenue growth rates and in determining appropriate discount rates, all of which could be subject to management bias in their selection.	• performing sensitivity analyses on the discount rates applied and other key assumptions adopted by management to assess the impact of changes on the conclusion reached in management's impairment assessments and considering whether there were any indicators of management bias in the key assumptions adopted; and • assessing the disclosures in the consolidated financial statements in respect of the impairment assessment with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wai Shun, Wilson.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Consolidated Statement of Financial Position

As at 31 December 2022

(Expressed in Hong Kong dollars)

	Note	**2022 HK$'000**	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,068,788**	2,173,976
Investment properties	8	**46,348**	51,946
Land use rights	9	**340,137**	374,052
Intangible assets	10	**234,603**	239,821
Investments in joint ventures	12	**306,885**	349,096
Investments in associates	13	**98,388**	107,622
Deferred income tax assets	14	**8,102**	1,044
Other non-current assets		**15,974**	1,743
		3,119,225	3,299,300
Current assets			
Inventories and spare parts	15	**22,301**	27,134
Trade and other receivables	16	**364,681**	325,120
Loan to a joint venture	16	**–**	1,223
Bank deposits and cash and cash equivalents	17	**1,063,573**	1,045,089
		1,450,555	1,398,566
Total assets		**4,569,780**	4,697,866
EQUITY			
Share capital	18	**1,415,118**	1,415,118
Reserves	19	**1,753,379**	1,815,305
		3,168,497	3,230,423
Non-controlling interests		**326,810**	320,771
Total equity		**3,495,307**	3,551,194

As at 31 December 2022
(Expressed in Hong Kong dollars)

	Note	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	14	**92,687**	100,782
Deferred income		**1,799**	3,849
Lease liabilities	21	**43,656**	76,379
Long term borrowings	23	**148,701**	181,757
		286,843	362,767
Current liabilities			
Trade payables, accruals and other payables	20	**469,542**	434,817
Amounts due to the non-controlling interests	22	**43,518**	46,769
Income tax payables		**7,808**	6,931
Lease liabilities	21	**29,108**	29,310
Short-term borrowings	23	**220,000**	250,000
Current portion of long-term borrowings	23	**17,654**	16,078
		787,630	783,905
Total liabilities		**1,074,473**	1,146,672
Total equity and liabilities		**4,569,780**	4,697,866
Net current assets		**662,925**	614,661
Total assets less current liabilities		**3,782,150**	3,913,961

Approved and authorised by the board of directors on 24 March 2023

Liu Guanghui
Director

Zhou Jun
Director

The notes on pages 99 to 178 form part of these financial statements.

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Note	2022 HK$'000	2021 HK$'000
Revenue	5	**2,899,545**	2,268,408
Cost of sales/services rendered		**(2,644,655)**	(2,007,156)
Gross profit		**254,890**	261,252
Other income	24	**226,918**	166,243
Other (losses)/gains, net	25	**(22,943)**	4,313
General and administrative expenses		**(296,478)**	(301,035)
Operating profit		**162,387**	130,773
Finance income	27	**11,934**	10,051
Finance cost	27	**(24,121)**	(11,508)
Share of profits less losses of:			
– Joint ventures	12	**(9,619)**	(25,212)
– Associates	13	**(9,506)**	(9,970)
Profit before income tax		**131,075**	94,134
Income tax expense	28	**(23,050)**	(27,861)
Profit for the year		**108,025**	66,273
Attributable to:			
Equity holders of the Company		**93,490**	44,074
Non-controlling interests		**14,535**	22,199
		108,025	66,273
Earnings per share (HK cents)			
Basic and diluted	30	**8.34**	3.93

The notes on pages 99 to 178 form part of these financial statements.

Consolidated Statement of
Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Note	2022 HK$'000	2021 HK$'000
Profit for the year		**108,025**	66,273
Other comprehensive income for the year:			
Items 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$nil tax effect		**1,249**	–
Items that have been reclassified or may be reclassified subsequently to profit or loss			
Currency translation differences, net off HK$nil tax effect:			
– Subsidiaries		**(110,561)**	48,496
– Joint ventures and associates		**(32,177)**	12,613
Cash flow hedges:			
Net movement in the hedging reserve, net off HK$nil tax effect (2021: HK$3,582,000)		**–**	(18,127)
Other comprehensive income for the year		**(141,489)**	42,982
Total comprehensive income for the year		**(33,464)**	109,255
Attributable to:			
Equity holders of the Company		**(39,503)**	90,225
Non-controlling interests		**6,039**	19,030
		(33,464)	109,255

The notes on pages 99 to 178 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Share capital	Exchange reserve	Revaluation reserve	Capital reserve (note 19(a))	Statutory reserves (note 19(b))	Merger reserves (note 19(c))	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	1,415,118	113,791	23,009	167,717	112,969	(871,425)	(65)	2,269,309	3,230,423	320,771	3,551,194
Profit for the year	–	–	–	–	–	–	–	93,490	93,490	14,535	108,025
Other comprehensive income:											
Currency translation differences											
– Subsidiaries	–	(104,333)	–	–	–	–	–	–	(104,333)	(6,228)	(110,561)
– Joint ventures and associates	–	(29,909)	–	–	–	–	–	–	(29,909)	(2,268)	(32,177)
Fair value change on financial asset	–	–	–	–	–	–	1,249	–	1,249	–	1,249
Transfer of reserves	–	–	–	–	5,235	–	–	(5,235)	–	–	–
Total comprehensive income for the year	–	(134,242)	–	–	5,235	–	1,249	88,255	(39,503)	6,039	(33,464)
Transactions with owners:											
2021 final dividend	–	–	–	–	–	–	–	(22,423)	(22,423)	–	(22,423)
At 31 December 2022	1,415,118	(20,451)	23,009	167,717	118,204	(871,425)	1,184	2,335,141	3,168,497	326,810	3,495,307

The notes on pages 99 to 178 form part of these financial statements.

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company											
	Share capital	Exchange reserve	Revaluation reserve	Capital reserve (note 19(a))	Statutory reserves (note 19(b))	Merger reserves (note 19(c))	Fair value reserve (non-recycling)	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	1,415,118	56,764	23,009	167,717	109,185	(871,425)	(65)	10,876	2,370,423	3,281,602	349,919	3,631,521
Profit for the year	–	–	–	–	–	–	–	–	44,074	44,074	22,199	66,273
Other comprehensive income:												
Currency translation differences												
– Subsidiaries	–	45,182	–	–	–	–	–	–	–	45,182	3,314	48,496
– Joint ventures and associates	–	11,845	–	–	–	–	–	–	–	11,845	768	12,613
Cash flow hedge: net movement in hedging reserve	–	–	–	–	–	–	–	(10,876)	–	(10,876)	(7,251)	(18,127)
Transfer of reserves	–	–	–	–	3,784	–	–	–	(3,784)	–	–	–
Total comprehensive income for the year	–	57,027	–	–	3,784	–	–	(10,876)	40,290	90,225	19,030	109,255
Transactions with owners:												
Acquisition of non-controlling interests in a subsidiary	–	–	–	–	–	–	–	–	(118,981)	(118,981)	(33,019)	(152,000)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(15,159)	(15,159)
2020 final dividend	–	–	–	–	–	–	–	–	(22,423)	(22,423)	–	(22,423)
At 31 December 2021	1,415,118	113,791	23,009	167,717	112,969	(871,425)	(65)	–	2,269,309	3,230,423	320,771	3,551,194

The notes on pages 99 to 178 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Note	**2022** **HK$'000**	2021 HK$'000
Cash flows from operating activities			
Cash generated from operations	33(a)	**332,796**	315,521
Hong Kong profits tax (paid)/refunded		**(14,384)**	987
Mainland China corporate income tax paid		**(15,851)**	(15,708)
Net cash generated from operating activities		**302,561**	300,800
Cash flows from investing activities			
Purchase of property, plant and equipment		**(109,566)**	(184,787)
Proceeds from disposal of property, plant and equipment		**2,143**	4,658
Acquisition of non-controlling interests of a subsidiary		**–**	(152,000)
Purchase of intangible assets		**(9,437)**	–
Increase in bank deposits with more than three months to maturity		**(31,198)**	–
Decrease in structured bank deposits		**–**	238,050
Receipt of loan repayment from a joint venture		**1,223**	1,223
Dividends received from joint ventures and associates		**8,065**	20,844
Interest received		**11,934**	10,051
Net cash used in investing activities		**(126,836)**	(61,961)

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Note	2022 HK$'000	2021 HK$'000
Cash flows from financing activities			
Dividends paid		**(22,423)**	(22,423)
Dividends paid to non-controlling interests		**–**	(15,159)
Interest paid		**(17,945)**	(7,959)
Capital element of lease rentals paid	33(b)	**(41,650)**	(37,671)
Interest element of lease rentals paid	33(b)	**(6,176)**	(3,549)
Repayment of bank loans	33(b)	**(65,365)**	(172,324)
Proceeds from new bank loans	33(b)	**20,000**	377,170
Repayment of amount due to the non-controlling interest	33(b)	**(2,829)**	(32,020)
Net cash (used in)/generated from financing activities		**(136,388)**	86,065
Net increase in cash and cash equivalents		**39,337**	324,904
Cash and cash equivalents at the beginning of the year		**1,045,089**	726,056
Effect of exchange rate changes		**(52,051)**	(5,871)
Cash and cash equivalents at the end of the year	17	**1,032,375**	1,045,089

The notes on pages 99 to 178 form part of these financial statements.

1 GENERAL INFORMATION

Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is 22nd Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in provision of management and other related services to high-speed waterway passenger transportation in Guangdong, Hong Kong and Macao; the operation and management of river trade cargo terminals in the Mainland China and Hong Kong; cargo transportation, warehousing and storage business; provision of diesel and lubricants for passenger ferries and cargo vessels in Hong Kong; provision of operation and management of facilities maintenance services for properties and so forth in Macao; and provision of ferry services and charter hire of vessels services in Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements have been approved for issue by the board of directors of the Company on 24 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Chu Kong Shipping Enterprises (Group) Company Limited and its subsidiaries.

2.1 Basis of preparation

(i) The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance ("HKCO"). These 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. Significant accounting policies adopted by the Group are disclosed below. The consolidated financial statements have been prepared on a historical cost basis, except that the following assets is stated at its fair value as explained in the accounting policies set out below:

– financial asset at fair value through other comprehensive income (see note 2.9)

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(ii) Changes in accounting policies

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint ventures

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(iv) Equity accounting (Continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures and associate are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment (see note 2.10). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional currency and the Group's presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, Plant and equipment

(i) Construction in progress

Construction in progress represents vessels and barges or other property, plant and equipment under construction which is carried at cost less any accumulated impairment losses.

Construction in progress includes construction expenditure incurred, borrowing costs and other direct costs attributable to the construction. On completion, the construction in progress is transferred to appropriate categories of property, plant and equipment. No depreciation is provided for construction in progress.

(ii) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest and right-of-use assets arising from leases of underlying plant and equipment (see note 2.21), are stated at historical cost less accumulated depreciation and impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, Plant and equipment (Continued)

(ii) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 - 50 years
Leasehold improvements	5 - 8 years
Plant and machinery	4 - 15 years
Furniture, fixtures and equipment	3 - 8 years
Motor vehicles	3 - 8 years
Containers	4 - 8 years
Vessels and barges	3 - 15 years
Other properties leased for own use	Over the lease term
Other right-of-use assets leased for own use	Over the lease term

Major costs incurred in restoring the property, plant and equipment and vessels and barges to their normal working condition are charged to the profit or loss. Improvements are capitalised and depreciated over their expected useful lives.

Vessel repairs and survey costs are charged as operating expenses as they are incurred. Vessel component costs include the cost of major components which are usually replaced or renewed at dry-dockings. Dry-docking costs of vessel and the costs incurred in replacing or renewing the separate assets are capitalised and depreciated over the period to the next estimated dry-dock date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts of the assets and are recognised within 'other (losses)/gains - net', in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.21) to earn rental income and/or for capital appreciation.

Investment properties are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 20 to 50 years. Rental income from investment properties is accounted for as described in note 2.19.

2.7 Land use rights

Land use rights represent lease payments for interest in land and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the lease payments over the remaining lease term.

2.8 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of sale. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software so that it will be available for use;

– management intends to complete the software and use or sell it;

– there is an ability to use or sell the software;

– it can be demonstrated how the software will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

– the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Group amortises software with a limited useful life using the straight-line method over 5 - 10 years. Both the period and method of amortisation are reviewed annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

(i) Classification

The Group categories financial assets into three principal classification: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). The classification of financial assets is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Group's financial assets include trade and other receivables, loan to a joint venture (note 16), bank deposits (note 17), bank deposits and cash and cash equivalents (note 17) and other financial asset.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for credit losses.

2.10 Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to depreciation/amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of sale and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, joint ventures and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures and associates in the period the dividend is declared or if the carrying amount of the investment exceeds the carrying amount of the investee's net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business when the Group has an unconditional right to receive consideration. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including allowance for credit losses.

The Group assess on a forward-looking basis the expected credit loss associated. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applied the simplified approach permitted by HKFRS 9, which requires expected credit losses to be recognised from initial recognition of the receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in other operating expenses in the statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited against other operating expenses in the consolidated statement of profit or loss.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are assessed for expected credit losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables, accruals and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

They are recognised initially at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2.15 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets which necessarily takes a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the profit or loss in the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amount will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit obligations

The contributions to defined contribution schemes are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus entitlements

The Group recognises a liability and an expense for bonus when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2.19 Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Cargo transportation

Revenues from the rendering of services in river trade cargo direct shipment and transhipment are recognised in the financial period in which the services are rendered.

(ii) Cargo handling and storage

Revenues from the rendering of services in river trade wharf cargo handling, cargo consolidation and godown storage and container hauling and trucking are recognised in the financial period in which the services are rendered.

(iii) Passenger transportation agency service

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

(iv) Ferry terminal operation service

Revenues from ferry terminal operation service are recognised based on net ferry terminal operation service fee upon departure of ferries at terminals.

(v) Fare receipts, freight revenue, hiring income, berthing fee, commission, passenger and maintenance services income

Fare receipts, freight revenue, hiring income, berthing fee, commission, passenger services and ferry terminal maintenance services income are recognised when the services are rendered.

(vi) Management service

Revenues from management service are recognised when the service is rendered.

(vii) Travel agency service

Revenue from travel agency services is recognised upon provision of services.

(viii) Interest income

Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income (Continued)

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

(x) Rental income and charter hire income

Rental income and charter hire income are recognised on a straight-line basis over the term of the lease.

(xi) Oil trading

Revenue from trading of oil are recognised when the goods are delivered.

(xii) Marine bunkering services

Revenue from marine bunkering services is recognised upon provision of services.

(xiii) Advertising income

Advertising income is recognised when the related advertisement or commercial appears before the public.

2.20 Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

– the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

– the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component and non-lease component, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2.5 and 2.10).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leased assets (Continued)

(i) As a lessee (Continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets and subsequently stated at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

The rental income from operating leases is recognised in accordance with note 2.19.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

2.25 Inventories and spare parts

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services

Inventories and spare parts are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and the People Republic of China ("PRC") and is exposed to foreign exchange risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are Renminbi, Hong Kong dollar and United States dollar. The Group continuously monitors its foreign currency position and will consider hedging significant foreign currency exposure by using foreign exchange forward contracts when the need arises.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 31 December 2022, if Hong Kong dollar had weakened or strengthened by 5% against the Renminbi with all other variables held constant, profit after income tax for the year of the Group would have been HK$4,640,000 (2021: HK$1,958,000) higher or lower respectively, mainly as a result of foreign exchange gains on translation of bank balances, receivable and payable balances denominated in a foreign currency.

Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar. Therefore the Group does not expose to significant foreign exchange risk in respect of its assets and liabilities denominated in United State dollar.

(ii) Interest rate risk

The Group's loan to a joint venture, amount due to the non-controlling interest, bank balances and bank borrowings bear interest at floating rates which expose the Group to cash flow interest rate risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

At 31 December 2022, if interest rates on financial assets had been 100 basis points higher or lower with all other variables held constant, profit after income tax and retained profits for the year of the Group would have been HK$8,620,000 (2021: HK$8,737,000) higher or lower respectively, mainly as a result of higher or lower finance income from floating rate loan to a joint venture and bank balances.

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

At 31 December 2022, if interest rates on financial liabilities had been 100 basis points higher or lower with all other variables held constant, profit after income tax for the year of the Group would have been HK$2,144,000 (2021: HK$2,239,000) lower or higher respectively mainly as a result of higher or lower finance cost from floating rate bank borrowings and amounts due to the non-controlling interests.

The Group currently does not have a hedging policy on interest rate exposure. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure if necessary.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, bank deposits, cash and cash equivalents and loan to a joint venture.

The Group does not provide any guarantees which would expose the Group to credit risk.

For bank deposits and cash and cash equivalents, a substantial portion of the Group's bank balances and deposits were placed with PRC state owned banks which have sound credit ratings. Management considers the credit risk is low.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of customers which are widely dispersed. No individual third party customers accounted for more than 10% of the Group's revenue.

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within seven days to three months from the date of billing. Normally, the Group does not obtain collateral from customers.

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(i) Trade and other receivables (Continued)

The Group measures loss allowances for trade and other receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group considered that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 December 2022 and 31 December 2021, and no expected credit loss rate has therefore been disclosed.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022 **HK$'000**	2021 HK$'000
Balance at 1 January	**2,169**	4,157
Amounts written off during the year	**(550)**	(3,051)
Reversal for impairment	**(1,131)**	(301)
Impairment losses recognised during the year	**7,593**	1,364
Balance at 31 December	**8,081**	2,169

(ii) Credit risk arising from loan to a joint venture

Loan to a joint venture was granted taken into account of their financial position, past experience and other factors. The Group monitored the credibility of the joint venture continuously by monitoring the operation and financial position of the joint venture and considered that the credit risk arising from the loan was insignificant.

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by maintaining available committed credit lines.

The table below analyses the Group's financial liabilities which will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2022						
Bank borrowings	245,738	24,836	87,254	66,762	424,590	386,355
Amounts due to the non-controlling interests	43,518	–	–	–	43,518	43,518
Lease liabilities	30,886	17,426	25,051	4,421	77,784	72,764
Trade payables, accruals and other payables	455,185	–	–	–	455,185	455,185
At 31 December 2021						
Bank borrowings	292,866	26,705	85,479	102,830	507,880	447,835
Amounts due to the non-controlling interests	46,769	–	–	–	46,769	46,769
Lease liabilities	31,859	31,034	37,160	13,117	113,170	105,689
Trade payables, accruals and other payables	419,611	–	–	–	419,611	419,611

3.2 CAPITAL RISK MANAGEMENT

Capital represents the total equity as shown in the consolidated balance sheet.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The principal source of capital of the Group has been and is expected to be cash flow from operations.

3.3 FAIR VALUE ESTIMATION

The carrying values less impairment provision (if applicable) of financial assets (including bank deposit and cash and cash equivalents) and the carrying values of financial liabilities with maturities less than twelve months from the end of the reporting period are reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Fair value of long-term borrowings is estimated using the estimated future payments discounted at market interest rates.

The financial instruments are measured in the statement of financial position at fair values and disclosed under the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active market for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

At 31 December 2022 and 31 December 2021, the financial assets at fair value through other comprehensive income of the Group were categorised Level 3 and the fair values were summarised as follows:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial asset at FVOCI	–	–	2,992	2,992

	2021			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial asset at FVOCI	–	–	1,743	1,743

During the year ended 31 December 2022 and 2021, there were no transfers between the levels.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future financial periods are stated below.

(i) Impairment assessment of property, plant and equipment, land use rights, intangible assets and goodwill

The Group's property, plant and equipment, land use rights, intangible assets and goodwill amounted to HK$2,643,528,000 as at 31 December 2022. Management has performed impairment assessment on these assets based on the policies set out below.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. Determining whether goodwill is impaired requires an estimation of the recoverable amounts of CGUs to which goodwill has been allocated. The recoverable amounts of CGUs have been determined based on value-in-use calculations.

According to the accounting policies stated in note 2.10, property, plant and equipment and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing (i) whether any events including changes in government policies has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of sale or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including revenue growth rates and discount rates.

The key assumptions applied in the cash flow projections of value-in-use calculations are revenue growth rates and discount rates and are set out in note 10.

(ii) Loss allowance for trade and other receivables

Management measures the loss allowance for expected credit losses of trade and other receivables based on the credit history of its customers, the current market situation and forecasts of future economic conditions. Management will reassess the estimations at each balance sheet date.

5 REVENUE AND SEGMENT INFORMATION

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

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

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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.

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Cargo transportation HK$'000	Cargo handling and storage HK$'000	Passenger transportation HK$'000	Fuel supply HK$'000	Corporate and other businesses HK$'000	Total HK$'000
Year ended 31 December 2021						
Total revenue	1,594,866	559,199	273,664	165,598	33,077	2,626,404
Inter-segment revenue	(95,808)	(151,347)	–	(94,487)	(16,354)	(357,996)
Revenue (from external customers)	1,499,058	407,852	273,664	71,111	16,723	2,268,408
Timing of revenue recognition						
At a point in time	–	–	220,208	71,111	–	291,319
Over time	1,499,058	407,852	53,456	–	16,723	1,977,089
	1,499,058	407,852	273,664	71,111	16,723	2,268,408
Segment profit/(loss) before income tax expense	26,445	59,682	(39,498)	(6,011)	53,516	94,134
Income tax expense	(2,735)	(16,580)	(2,936)	(28)	(5,582)	(27,861)
Segment profit/(loss) after income tax expense	23,710	43,102	(42,434)	(6,039)	47,934	66,273
Segment profit/(loss) before income tax expense includes:						
Finance income	519	930	76	7	8,519	10,051
Finance cost	(852)	(8,166)	(1,494)	(10)	(986)	(11,508)
Depreciation and amortisation	(12,990)	(112,638)	(30,454)	(3,210)	(7,617)	(166,909)
Share of profits less losses of:						
Joint ventures	3,828	999	(30,039)	–	–	(25,212)
Associates	–	4,860	(14,830)	–	–	(9,970)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical analysis

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 consider that the nature of the provision of cargo and passenger transportation services, which are carried out in Mainland China and Hong Kong, preclude a meaningful allocation of operating profit to specific geographical segments.

The analysis of the Group's non-current assets by geographical location is as follows:

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

6 PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and buildings HK$'000	Other properties leased for own use HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Containers HK$'000	Vessels and barges HK$'000	Total HK$'000
Cost										
At 1 January 2022	1,812,336	97,322	351,660	83,006	514,208	72,233	63,264	18,482	273,073	3,285,584
Exchange differences	(86,192)	(3,067)	(1,887)	(3,348)	(37,873)	(2,963)	(2,553)	(50)	–	(137,933)
Additions	26,745	1,548	38,832	3,118	26,734	3,212	1,557	9,282	86	111,114
Transfer	295,775	–	(355,201)	1,322	48,525	276	–	–	9,303	–
Lease modification	–	9,947	–	–	–	–	–	–	–	9,947
Disposals/write-off	–	(11,546)	–	–	(13,916)	(2,592)	(4,154)	–	(4,804)	(37,012)
At 31 December 2022	2,048,664	94,204	33,404	84,098	537,678	70,166	58,114	27,714	277,658	3,231,700
Accumulated depreciation and impairment										
At 1 January 2022	490,480	28,879	–	54,187	340,922	61,066	43,044	14,964	78,066	1,111,608
Exchange differences	(38,618)	(1,229)	–	(2,014)	(26,182)	(2,501)	(1,294)	(38)	–	(71,876)
Charge for the year	50,387	25,416	–	11,423	37,677	5,501	3,662	1,061	23,506	158,633
Write back on disposal/write-off	–	(11,546)	–	–	(13,522)	(2,527)	(3,123)	–	(4,735)	(35,453)
At 31 December 2022	502,249	41,520	–	63,596	338,895	61,539	42,289	15,987	96,837	1,162,912
Net book value										
At 31 December 2022	1,546,415	52,684	33,404	20,502	198,783	8,627	15,825	11,727	180,821	2,068,788

	Ownership interest in leasehold land and buildings HK$'000	Other properties leased for own use HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Containers HK$'000	Vessels and barges HK$'000	Total HK$'000
Cost										
At 1 January 2021	1,767,190	83,119	296,619	74,062	479,820	73,735	55,314	17,642	183,605	3,031,106
Exchange differences	28,888	586	565	928	12,236	1,000	749	15	–	44,967
Additions	15,768	18,122	107,104	9,360	33,113	3,075	12,758	1,359	46,535	247,194
Transfer	1,745	–	(52,628)	1,512	515	–	–	–	48,856	–
Lease modification	–	52,684	–	–	–	–	–	–	–	52,684
Disposals/write-off	(1,255)	(57,189)	–	(2,856)	(11,476)	(5,577)	(5,557)	(534)	(5,923)	(90,367)
At 31 December 2021	1,812,336	97,322	351,660	83,006	514,208	72,233	63,264	18,482	273,073	3,285,584
Accumulated depreciation and impairment										
At 1 January 2021	440,625	47,737	–	45,660	302,756	59,089	44,792	14,633	62,313	1,017,605
Exchange differences	6,885	209	–	470	8,273	812	402	11	–	17,062
Charge for the year	44,229	26,814	–	10,913	37,574	6,643	3,350	847	21,676	152,046
Write back on disposal/write-off	(1,259)	(45,881)	–	(2,856)	(10,516)	(5,478)	(5,500)	(527)	(5,923)	(77,940)
Impairment	–	–	–	–	2,835	–	–	–	–	2,835
At 31 December 2021	490,480	28,879	–	54,187	340,922	61,066	43,044	14,964	78,066	1,111,608
Net book value										
At 31 December 2021	1,321,856	68,443	351,660	28,819	173,286	11,167	20,220	3,518	195,007	2,173,976

Property, plant and equipment of the Group with net book value amounting to HK$137,144,000 (2021: HK$155,704,000) have been pledged as securities for the bank loans of the Group (note 23).

7 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2022 HK$'000	2021 HK$'000
Ownership interests in leasehold land and buildings with remaining lease term of:	7(i)		
– Between 10 and 50 years		**1,457,220**	1,230,575
– 50 years or more		**89,195**	91,281
		1,546,415	1,321,856
Other properties leased for own use	7(ii)	**52,684**	68,443
		1,599,099	1,390,299
Land use rights	7(i) & 9	**340,137**	374,052
Ownership interests in leasehold investment property with remaining lease term of:	8		
– 50 years or more		**43,479**	48,731
– Between 10 and 50 years		**2,869**	3,215
Vessels and barges	7(iii)	**18,452**	33,214
		2,004,036	1,849,511

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**50,387**	44,229
Other properties leased for own use	**25,416**	26,814
Land use rights	**11,448**	11,787
Ownership interests in leasehold investment property	**1,196**	1,306
Vessels and barges	**14,762**	11,071
	103,209	95,207
Interest on lease liabilities (note 27)	**6,176**	3,549
Expense relating to short-term leases	**156,604**	144,910

7 RIGHT-OF-USE ASSETS (CONTINUED)

During the year, additions to right-of-use assets were HK$1,548,000 (2021: HK$62,407,000). This amount includes addition to the vessels and barges of HK$nil (2021: HK$44,285,000), and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 33(c) and 21, respectively.

(i) Ownership interests in leasehold land and buildings held for own use and land use rights

The Group is the registered owner of these interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on ratable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and staff dormitories through tenancy agreements. The leases typically run for an initial period of 2 years.

(iii) Vessels and barges

The Group has obtained the right to use of vessels to provide passenger transportation services. The leases typically run for an initial period of 3 to 5 years.

8 INVESTMENT PROPERTIES

	2022	2021
	HK$'000	HK$'000
Cost:		
At 1 January	**60,120**	58,406
Exchange difference	**(5,095)**	1,714
At 31 December	**55,025**	60,120
Accumulated depreciation:		
At 1 January	**8,174**	6,672
Exchange difference	**(693)**	196
Charge for the year	**1,196**	1,306
At 31 December	**8,677**	8,174
Closing net book value as at 31 December	**46,348**	51,946

The fair value of the Group's investment properties was appraised at HK$97,419,000 as at 31 December 2022 (2021: HK$106,438,000).

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 2 to 8 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Investment properties of the Group with net book value amounting to HK$35,330,000 (2021: HK$39,078,000) have been pledged as securities for the bank loans of the Group (note 23).

8 INVESTMENT PROPERTIES (CONTINUED)

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are as follows:

	2022 **HK$'000**	2021 HK$'000
Within 1 year	**6,292**	6,488
After 1 year but within 5 years	**20,482**	23,591
Over 5 years	**–**	4,018
	26,774	34,097

9 LAND USE RIGHTS

	2022 **HK$'000**	2021 HK$'000
Opening net book value as at 1 January	**374,052**	378,265
Exchange differences	**(22,467)**	7,574
Amortisation	**(11,448)**	(11,787)
Closing net book value as at 31 December	**340,137**	374,052

Land use rights of the Group with net book value amounting to HK$132,103,000 (2021: HK$133,728,000) have been pledged as securities for the bank loans of the Group (note 23).

10 INTANGIBLE ASSETS

	Goodwill HK$'000	Software HK$'000	Total HK$'000
Cost:			
At 1 January 2021	230,783	12,144	242,927
Exchange differences	1,103	73	1,176
Additions	–	2,640	2,640
At 31 December 2021	231,886	14,857	246,743
At 1 January 2022	231,886	14,857	246,743
Exchange differences	(3,279)	(243)	(3,522)
Additions	–	73	73
At 31 December 2022	228,607	14,687	243,294
Accumulated amortisation:			
At 1 January 2021	–	5,118	5,118
Exchange differences	–	34	34
Charge for the year	–	1,770	1,770
At 31 December 2021	–	6,922	6,922
At 1 January 2022	–	6,922	6,922
Exchange differences	–	(142)	(142)
Charge for the year	–	1,911	1,911
At 31 December 2022	–	8,691	8,691
Net book value:			
At 31 December 2022	228,607	5,996	234,603
At 31 December 2021	231,886	7,935	239,821

10 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for cash-generating units containing goodwill

Goodwill arose from the acquisitions of Chu Kong Cargo Terminals (Gaoming) Co., Ltd., Zhaoqing New Port Co., Ltd., Civet (Zhuhai Bonded Area) Logistics Company Limited and Sun Ferry Services Company Limited.

For the purpose of impairment testing, the goodwill is allocated to each acquired company representing the lowest level at which the goodwill is monitored by management as follows:

	2022	2021
	HK$'000	HK$'000
Sun Ferry Services Company Limited	**193,202**	193,202
Other CGUs without significant goodwill	**35,405**	38,684
	228,607	231,886

Sun Ferry Services Company Limited

The recoverable amount of the CGU is determined based on a value-in-use calculation. This calculation used discounted cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the constant estimated growth rates. The key assumptions are set out below:

	2022	2021
Long term growth rate	**3%**	3%
Discount rates	**10%**	8%

(Expressed in Hong Kong dollars unless otherwise indicated)

11 SUBSIDIARIES

(a) Details of the subsidiaries as at 31 December 2022 are as follows:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/ paid up capital	Interest held
Directly-held subsidiaries				
Chu Kong Agency Company Limited	Hong Kong	Shipping agency and freight forwarding agency in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	**100%**
Chu Kong Container Transportation Company Limited	Hong Kong	Container and cargo transportation and towing in Hong Kong	100 ordinary shares 10,000 deferred shares (Note (b))	**100%**
Chu Kong (Guangdong) International Freight Forwarding Co., Ltd.	PRC, limited liability company	Shipping agency and freight forwarding agency in the PRC	RMB22,660,000	**75%**
Chu Kong High-Speed Ferry Company Limited	Hong Kong	Management of ships in Hong Kong	10,000 ordinary shares	**100%**
Chu Kong Godown Wharf & Transportation Company Limited	Hong Kong	Godown and wharf operations in Hong Kong	100 ordinary shares 1,000,000 deferred shares (Note (b))	**100%**
Chu Kong River Trade Terminal Co., Ltd.	British Virgin Islands	Investment holding in the PRC entities in Hong Kong	100 ordinary shares of US$1 each	**80%**
Chu Kong Transhipment & Logistics Company Limited	Hong Kong	Transhipment and transportation in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	**100%**
Chu Kong Transportation (H.K.) Limited	Hong Kong	Wharf cargo handling and transportation in Hong Kong	100 ordinary shares 100,000 deferred shares (Note (b))	**100%**
Chu Kong Warehouse Properties Co., Ltd.	British Virgin Islands	Property holding in Hong Kong	100 ordinary shares of US$1 each 9,900 preferred shares of US$1 each (Note (c))	**100%**

(Expressed in Hong Kong dollars unless otherwise indicated)

11 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31 December 2022 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/ paid up capital	Interest held
Directly-held subsidiaries (Continued)				
Chu Kong Passenger Transport Company Limited	Hong Kong	Provision of agency services and management of ships in Hong Kong	300,000 ordinary shares	**100%**
Sun Kong Petroleum Company Limited	Hong Kong	Oil trading and marine bunkering services in Hong Kong	200,000 ordinary shares	**100%**
Oriental Pearl Cruise Company Limited (formerly known as Cotai Chu Kong Shipping Management Service Company Limited)	Hong Kong	Provision of tour operation services in Hong Kong	10,000 ordinary shares	**100%**
Chu Ou Engineering And Technologies Company Limited	Macao	Provision of passenger services and maintenance services at Macao Maritime Ferry Terminal	MOP50,000	**100%**
Sun Ferry Services Company Limited	Hong Kong	Provision of passenger services	1,000 ordinary shares	**100%**
CKS Container Terminal (Zhuhai Doumen) Co., Ltd.	PRC, limited liability company	Cargo transportation and consolidation in the PRC	RMB73,000,000	**100%**
Chu Kong Shipping (Guangdong) Logistics Co., Ltd.	PRC, limited liability company	Provision of logistics services in the PRC	RMB10,000,000	**100%**
Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd.	PRC, limited liability company	Provision of logistics services in the PRC	US$6,000,000	**100%**
Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd.	PRC, limited liability company	Cargo handling and transportation in the PRC	RMB115,700,000	**80%**
Zhaoqing New Port Co., Ltd.	PRC, limited liability company	Cargo handling and transportation in the PRC	RMB170,129,600	**100%**

(Expressed in Hong Kong dollars unless otherwise indicated)

11 SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31 December 2022 are as follows: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/ paid up capital	Interest held
Directly-held subsidiaries (Continued)				
Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd.	PRC, limited liability company	Cargo handling and transportation in the PRC	US$4,000,000	**100%**
Guangdong Digital Port & Shipping Technology Co., Ltd	PRC, limited liability company	Information technology service	RMB10,000,000	**70%**
Indirectly-held subsidiaries				
Chu Kong International Airfreight Company Limited	Hong Kong	Freight forwarding agency in Hong Kong	10,000 ordinary shares	**100%**
Ever Sky Transportation Limited	Hong Kong	Wharf cargo handling in Hong Kong	10,000 ordinary shares	**100%**
Chu Kong High-Speed Ferry Management (Macau) Co., Limited	Macao	Management of ships in Macao	MOP25,000	**100%**
Chu Kong Cargo Terminals (Qingyuan) Co., Ltd.	PRC, limited liability company	Wharf cargo handling in the PRC	RMB27,460,000	**72%**
Chu Kong Cargo Terminals (Gaoming) Co., Ltd.	PRC, limited liability company	Cargo transportation and consolidation in the PRC	RMB74,969,730	**78.22%**
Chu Kong Cargo Terminals (Kangzhou) Co., Ltd.	PRC, limited liability company	Cargo handling and transportation in the PRC	RMB35,860,000	**80%**
Shenzhen Zhu Chuan International Freight Forwarding Co., Ltd.	PRC, limited liability company	Freight forwarding agency in the PRC	US$1,000,000	**87.25%**
Chu Kong (Guangdong) International Shipping Agency Co., Ltd.	PRC, limited liability company	Shipping agency in the PRC	RMB3,000,000	**67.5%**
Civet (Zhuhai Bonded Area) Logistics Company Limited	PRC, limited liability company	Cargo handling and transportation in the PRC	HK$246,000,000	**47.04%**

11 SUBSIDIARIES (CONTINUED)

(b) The holders of the deferred shares of respective subsidiaries are entitled to minimal rights as to dividends and returns of capital, but are not entitled to share the subsidiary's profits, to attend or vote at any general meeting of the subsidiary or to have the rights which are vested in the holding of the ordinary shares. These deferred shares are held by the Company or the holding company of the Company.

(c) The holders of the preferred shares have a non-cumulative preferential right to the profit of the subsidiary at 8% of the nominal amount of the share capital of that subsidiary, but are not entitled to receive notice of or to attend or vote at any meeting of members or directors. The preferred shares are held by the holding company of the Company.

(d) The following table lists out the information relating to Civet (Zhuhai Bonded Area) Logistics Company Limited ("Civet"), a subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Civet	
	2022	2021
	HK$'000	HK$'000
NCI percentage	**53%**	53%
Current assets	**42,592**	24,843
Non-current assets	**284,188**	325,142
Current liabilities	**(53,845)**	(36,802)
Non-current liabilities	**(95,108)**	(128,425)
Net assets	**177,827**	184,758
Carrying amount of NCI	**94,177**	97,848
Revenue	**102,481**	67,173
Profit for the year	**10,978**	295
Total comprehensive income	**10,978**	295
Profit allocated to NCI	**5,814**	156
Dividend paid to NCI	**–**	–
Cash flows from operating activities	**28,785**	(55,220)
Cash flows from investing activities	**(844)**	(1,851)
Cash flows from financing activities	**(17,320)**	48,388

12 INVESTMENTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Investments in joint ventures	**321,149**	363,360
Provision for impairment of joint ventures	**(14,264)**	(14,264)
	306,885	349,096

(a) Details of the principal joint ventures as at 31 December 2022 are as follows:

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership, voting power and profit sharing
Directly-held joint ventures			
Shenzhen Yantian Port Chu Kong Logistics Co., Ltd.	PRC	Container transportation and repairs	40%
Chu Kong Logistics (Singapore) Pte. Ltd.	Singapore	Shipping agency and freight forwarding agency	60%#2
Zhong Shan Port Goods Transportation United Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	25%
Chu Kong Cargo Terminals (Beicun) Co., Ltd.	PRC	Wharf cargo handling and godown storage	40%#1
Foshan New Port Ltd.	PRC	Cargo transportation and consolidation	30%#1
Foshan Nankong Terminal Co., Ltd.##	PRC	Cargo transportation and consolidation	42.5%#1
Heshan County Hekong Associated Forwarding Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	40%#1

(Expressed in Hong Kong dollars unless otherwise indicated)

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) Details of the principal joint ventures as at 31 December 2022 are as follows: (Continued)

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership, voting power and profit sharing
Indirectly-held joint ventures (continued)			
Heshan Port Construction & Development General Company#	PRC	Investment holding	40%#1
Sanshui Sangang Containers Wharf Co., Ltd.	PRC	Cargo transportation and consolidation	24%#1
Hong Kong International Airport Ferry Terminal Services Limited	Hong Kong	Ferry linkage services between the Hong Kong International Airport and Pearl River Delta	60%#2
Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd. ("ZHPS")	PRC	Passenger transportation	40%
Chu Kong Logistics (Malaysia) Sdn Bhd.	Malaysia	Shipping agency and freight forwarding agency	42%
Chu Kong Logistics (Thailand) Ltd.	Thailand	Shipping agency and freight forwarding agency	29.4%
CKPT-WACI joint venture	Hong Kong	Passenger Assistance Services	60%#2
CKPT-EID joint venture	Hong Kong	Passenger Assistance Services	55%#2
Foshan Gaoming Jiangtong Supply Chain Management Co., Ltd.#	PRC	Supply Chain Management and Shipping agency	31.3%#1
Thrive Dragon Services Limited	Hong Kong	Dormant	20%

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) Details of the principal joint ventures as at 31 December 2022 are as follows: (Continued)

\# The English names of these companies are the translation of the Chinese names for identification purpose only.

\## 22.5% of this joint venture is directly held by the Company.

1 These joint ventures are held by a non-wholly owned subsidiary of the Company. The percentage of interest in ownership, voting power and profit sharing represent the effective interest held by the Group.

2 The Group has, in these joint ventures, over 50 percent of the voting rights. Notwithstanding this, the contractual arrangements between the Group and the other joint venture partners specified that unanimous approvals are required for certain significant decisions, which render the shareholders joint control in these entities.

(b) Summarised financial information for a material joint venture

Set out below are the summarised financial information for 100% equity interest in a joint venture of the Group for the year ended 31 December 2022, which, in the opinion of the directors, is material to the Group.

The below summarised financial information is prepared using the same accounting policies of the Group, after fair value adjustments from acquisitions and before intercompany elimination.

Summarised balance sheet as at 31 December 2022 and 2021 and summarised statement of comprehensive income for the years ended 31 December 2022 and 2021

	ZHPS	
	2022	2021
	HK$'000	HK$'000
Current assets	**27,135**	25,869
Current liabilities	**(23,826)**	(28,037)
Non-current assets	**323,883**	384,017
Non-current liability	**(33,302)**	(17,801)
Revenue	**2,271**	15,279
Profit after income tax	**(43,192)**	(56,153)

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information for a material joint venture (Continued)

Reconciliation of summarised financial information

	ZHPS	
	2022	2021
	HK$'000	HK$'000
Opening net assets 1 January	**364,048**	409,018
Loss for the year	**(43,192)**	(56,153)
Currency translation differences	**(26,966)**	11,183
Closing net assets as at 31 December	**293,890**	364,048
Interest in joint venture	**40%**	40%
Share of net assets	**117,556**	145,619
Carrying value	**117,556**	145,619

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

	2022	2021
	HK$'000	HK$'000
Profit/(loss) for the year	**7,658**	(2,751)
Other comprehensive income	**(13,861)**	6,343
Total comprehensive income	**(6,203)**	3,592

13 INVESTMENTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Investments in associates	**98,388**	107,622

(a) Details of the principal associates as at 31 December 2022 are as follows:

Name	Place of incorporation and operation	Principal activities	Percentage of interest in ownership, voting power and profit sharing
Directly-held associate			
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	Hong Kong	Passenger Transportation	20%
Indirectly-held associates			
Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd.	PRC	Passenger transportation	40%
Guangdong Sanbu Passenger and Freight Transportation Co., Ltd.	PRC	Wharf cargo handling, godown storage and river trade cargo transportation	32%[1]

1 This associate is held by a non-wholly owned subsidiary of the Company. The percentage of interest in ownership, voting power and profit sharing represent the effective interest held by the Group.

The aggregate amount of the Group's share of results of its associates which are individually immaterial are as follows:

	2022 HK$'000	2021 HK$'000
Loss for the year	**(9,506)**	(9,970)
Other comprehensive income	**(7,648)**	2,716
Total comprehensive income	**(17,154)**	(7,254)

14 DEFERRED INCOME TAX

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

	2022 **HK$'000**	2021 HK$'000
At 1 January	**99,738**	98,503
Credited to profit or loss (note 28)	**(8,062)**	(43)
Credited to other comprehensive income	**–**	(3,582)
Transfer to current income tax payables	**(386)**	(1,314)
Exchange difference	**(6,705)**	6,174
At 31 December	**84,585**	99,738

The movement in deferred income tax (assets) and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets	**Tax losses** HK$'000	**Decelerated tax depreciation** HK$'000	**Total** HK$'000
At 1 January 2021	(4,478)	(400)	(4,878)
Credited to profit or loss	(6,032)	(138)	(6,170)
Exchange difference	(15)	(2)	(17)
At 31 December 2021 and 1 January 2022	(10,525)	(540)	(11,065)
Credited to profit or loss	(6,071)	(131)	(6,202)
Exchange difference	(1,146)	–	(1,146)
At 31 December 2022	(17,742)	(671)	(18,413)

14 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax (assets) and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows: (Continued)

Deferred income tax liabilities	Capital gain tax HK$'000	Cash flow hedges HK$'000	Accelerated tax depreciation HK$'000	Undistributed profits of PRC entities not wholly-owned HK$'000	Total HK$'000
At 1 January 2021	11,950	3,582	57,814	30,035	103,381
Charged to profit or loss	–	–	5,716	411	6,127
Transfer to current income tax payables	–	–	–	(1,314)	(1,314)
Credited to other comprehensive income	–	(3,582)	–	–	(3,582)
Exchange difference	–	–	5,264	927	6,191
At 31 December 2021 and 1 January 2022	11,950	–	68,794	30,059	110,803
(Credited)/charged to profit or loss	(11,950)	–	9,457	633	(1,860)
Transfer to current income tax payables	–	–	–	(386)	(386)
Exchange difference	–	–	(2,949)	(2,610)	(5,559)
At 31 December 2022	–	–	75,302	27,696	102,998

The reconciliation to the consolidated statement of financial position is as follows:

	2022 HK$'000	2021 HK$'000
Net deferred tax asset recognised in the consolidated statement of financial position	**(8,102)**	(1,044)
Net deferred tax liability recognised in the consolidated statement of financial position	**92,687**	100,782
	84,585	99,738

14 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2022, the Group have unrecognised tax losses of HK$291,298,000 (2021: HK$312,066,000) to carry forward. These tax losses have no expiry dates except for tax losses of HK$114,293,000 (2021: HK$142,670,000) of the Group, whose expiry dates are:

	2022 HK$'000	2021 HK$'000
2022	**–**	24,914
2023	**20,349**	22,233
2024	**32,859**	35,901
2025	**33,912**	37,052
2026	**20,657**	22,570
2027	**6,516**	–
	114,293	142,670

The Group's wholly owned PRC subsidiaries have undistributed earnings of RMB89,968,411 (equivalent to approximately HK$100,714,666) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these wholly owned PRC subsidiaries and is not expected to distribute these profits in the foreseeable future.

15 INVENTORIES AND SPARE PARTS

	2022 HK$'000	2021 HK$'000
Engines and parts	**20,025**	23,168
Diesel	**1,747**	3,549
Engine lubricant	**529**	417
	22,301	27,134

The cost of inventories recognised as expense and included in 'cost of sales/services rendered' amounted to HK$278,245,000 (2021: HK$153,875,000).

16 TRADE AND OTHER RECEIVABLES AND LOAN TO A JOINT VENTURE

	2022 HK$'000	2021 HK$'000
Trade receivables		
– third parties	**192,984**	162,321
– fellow subsidiaries	**13,993**	18,101
– other related companies	**11,598**	10,077
Trade receivables, net (note (a))	**218,575**	190,499
Other receivables:		
– third parties	**80,221**	81,619
– immediate holding company (note (b))	**20,558**	15,242
– fellow subsidiaries (note (b))	**21,025**	9,444
– joint ventures and associates (note (b))	**24,302**	28,316
	146,106	134,621
Total trade and other receivables	**364,681**	325,120
Loan to a joint venture (note (c))	**–**	1,223

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

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

The trade receivables due from related parties are unsecured, interest-free and have similar terms of repayment as third party receivables.

16 TRADE AND OTHER RECEIVABLES AND LOAN TO A JOINT VENTURE (CONTINUED)

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

(c) Loan to a joint venture of the Group was repayable on demand and was denominated in Renminbi.

	2022	2021
	HK$'000	HK$'000
Unsecured loan		
– at floating rate (note)	**–**	1,223

Note: The loan bore interest at the base lending rate announced by the base lending rate announced by the PBOC.

(d) The carrying amounts of trade and other receivables denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	2022	2021
	HK$'000	HK$'000
Hong Kong dollar	**2,297**	4,207
Renminbi	**10,008**	3,455
United States dollar	**24,302**	29,450
	36,607	37,112

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

17 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2022 **HK$'000**	2021 HK$'000
Cash at bank and on hand	**815,321**	808,696
Deposits with banks	**217,054**	236,393
Cash and cash equivalents in the consolidated cash flow statement	**1,032,375**	1,045,089
Bank deposits with original maturity dates more than three months	**31,198**	–
	1,063,573	1,045,089

The carrying amounts of cash and cash equivalents denominated in a currency other than the functional currency of the entity to which they relate are as below:

	2022 **HK$'000**	2021 HK$'000
Hong Kong dollar	**28,771**	28,792
Renminbi	**202,009**	47,041
United States dollar	**103,847**	126,058
Macao pataca	**1**	1
Euro	**127**	5
	334,755	201,897

Bank deposits and cash and cash equivalents denominated in Renminbi are mainly held by the Group with banks operating in the PRC where exchange controls apply.

18 SHARE CAPITAL

Ordinary shares, issued and fully paid

	Number of shares ('000)	**Share capital** HK$'000
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,121,167	1,415,118

In accordance with section 135 of the Hong Kong Company Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19 RESERVES

(a) Capital reserve

The capital reserve mainly represents a capital contribution made by CKSE, the immediate holding company, during a group reorganisation in 2010. In the reorganisation, CKSE transferred to the Group one subsidiary at a consideration of HK$1 and two joint ventures at nil consideration.

(b) Statutory reserve

In accordance with PRC regulations, subsidiaries, joint ventures and associates in the PRC are required to transfer part of their profit after income tax to the enterprise expansion and reserve funds. The quantum of the transfers are subject to the approval of the board of directors of these subsidiaries, joint ventures and associates in accordance with their respective articles of association. The funds are required to be retained in the financial statements of the respective subsidiaries, joint ventures and associates for specific purposes.

(c) Merger reserve

The Group entered into business combination under common control in previous years. Upon the completion of the acquisition, a merger reserve, being the difference between the consideration made by the Company and the share capital of the combining entity as at completion date, was recognised.

20 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables (notes (a) and (c)):		
– third parties	**207,727**	161,785
– immediate holding company	**10,112**	8,148
– fellow subsidiaries	**24,189**	6,548
– joint ventures and associates	**3,687**	12,389
– other related companies	**1,896**	2,539
	247,611	191,409
Accruals and other payables:		
– third parties	**192,994**	203,845
– immediate holding company (note (c))	**9,208**	20,207
– fellow subsidiaries (note (c))	**5,263**	1,622
– joint ventures and associates (note (c))	**109**	2,528
Contract liabilities (note (e))	**14,357**	15,206
	221,931	243,408
	469,542	434,817

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

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

20 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES (CONTINUED)

(b) The carrying amounts of trade payables, accruals and other payables denominated in a currency other than the functional currency of the entity to which they relate are as below:

	2022 **HK$'000**	2021 HK$'000
Hong Kong dollar	**826**	1,059
Renminbi	**54,609**	67,137
United States dollar	**21,787**	15,227
Euro	**1,684**	–
Other currencies	**82**	–
	78,988	83,423

(c) The trade payables, accruals and other payables due to related parties are unsecured and interest-free. Trading balances have similar terms of settlement as those of third party payables whereas other balances are repayable on demand.

(d) The carrying amounts of trade payables, accruals and other payables approximate their fair values.

(e) The contract liabilities primarily relate to the advance consideration received from customers, or the Group has unconditional right to considerations before the goods or services are delivered.

As the contracts are for periods of one year or less or the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

21 LEASE LIABILITIES

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year	**29,108**	29,310
After 1 year but within 2 years	**15,979**	29,200
After 2 years but within 5 years	**23,382**	34,555
After 5 years	**4,295**	12,624
	43,656	76,379
	72,764	105,689

22 AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS

	2022 HK$'000	2021 HK$'000
Current		
– at floating rate (note (i))	**3,158**	6,409
– interest-free (note (ii))	**40,360**	40,360
	43,518	46,769

Notes:

(i) The amounts are denominated in Renminbi, unsecured and interest-bearing at the base lending rate announced by the PBOC (2021: base lending rate announced by the PBOC).

(ii) The amounts are denominated in Hong Kong dollars, unsecured and repayable on demand.

23 BORROWINGS

	2022 HK$'000	2021 HK$'000
Fixed rate borrowings:		
Secured, bank loans	**106,325**	128,425
Variable rate borrowings:		
Unsecured, bank loans	**220,000**	250,000
Secured, bank loans	**60,030**	69,410
	386,355	447,835

The maturity of the bank loans is as follows:

	2022 HK$'000	2021 HK$'000
Repayable within one year	**237,654**	266,078
Repayable within one to two years	**17,653**	19,288
Repayable within two to five years	**71,712**	68,414
Repayable more than five years	**59,336**	94,055
	386,355	447,835
Current portion included in current liabilities	**(237,654)**	(266,078)
	148,701	181,757

The secured bank loans are secured by certain property, plant and equipment (note 6), investment properties (note 8) and land use rights (note 9) of the Group, denominated in Renminbi.

At 31 December 2022, bank loans of HK$220,000,000 (2021: HK$250,000,000) is interest-bearing at a rate of 0.65% to 0.8% over Hong Kong Interbank Offered Rate ("HIBOR") (2021: 0.75% to 0.8% over HIBOR). At 31 December 2022, bank loan of HK$60,030,000 (2021: HK$69,410,000) is interest-bearing at a rate of Loan Prime Rate ("LPR") minus 0.5% (2021: LPR minus 0.5%). At 31 December 2022, bank loans of HK$106,325,000 (2021: HK$128,425,000) is interest bearing at a fixed rate of 4.38%.

24 OTHER INCOME

	2022 HK$'000	2021 HK$'000
Management fee income from CKSE (note 35(a)(i))	**30,000**	30,000
Property rental income	**27,236**	26,151
Government grants – ferry operation (note (i))	**85,956**	75,814
Government grants – others	**6,039**	13,101
Government subsidies – Employer Subsidy Schemes (note(ii))	**19,166**	–
Government subsidies – Industry Support Scheme	**44,018**	9,488
Subsidies income	**2,254**	1,337
Repair and maintenance service income	**1,993**	–
Others	**10,256**	10,352
	226,918	166,243

Note:

(i) In accordance with ferry license agreements, Hong Kong Government would provide subsidy for the Group's ferry operations based on the vessel maintenance cost incurred and fare concessions to the elderly passengers aged 65 or above and child aged 3 to 12 during the year.

(ii) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the group is required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

25 OTHER (LOSSES)/GAINS - NET

	2022 HK$'000	2021 HK$'000
Exchange (losses)/gains, net	**(11,149)**	3,870
Gains on disposals of property, plant and equipment	**584**	4,341
Impairment loss of property, plant and equipment	**–**	(2,835)
Provision for impairment of trade receivables, net (note 3.1(b)(i))	**(6,462)**	(1,063)
Provision for impairment of other receivables	**(5,916)**	–
	(22,943)	4,313

26 PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2022 HK$'000	2021 HK$'000
Amortisation of land use rights (note 9)	**11,448**	11,787
Auditor's remuneration		
– audit services	**2,529**	2,305
– non-audit services	**941**	1,002
Depreciation of property, plant and equipment (note 6)	**158,633**	152,046
Depreciation of investment properties	**1,196**	1,306
Amortisation of intangible assets	**1,911**	1,770
Lease payments for short-term leases		
– vessels and barges	**152,584**	140,746
– buildings	**4,020**	4,164
Staff costs (including directors' emoluments) (note 31)	**569,975**	549,786

27 FINANCE INCOME AND COST

	2022 HK$'000	2021 HK$'000
Finance income		
Interest income on loan to a joint venture	**437**	100
Interest income on short-term deposits, bank deposits and bank balances	**11,497**	9,951
	11,934	10,051
Finance cost		
Interest expense on bank borrowings	**21,466**	17,932
Interest expense on amounts due to the non-controlling interests	**240**	275
Interest expense on lease liabilities	**6,176**	3,549
Less: amounts capitalised on qualifying assets	**(3,761)**	(10,248)
	24,121	11,508

The capitalisation rate applied to funds borrowed is 5.8% (2021: 5.1%) per annum.

28 INCOME TAX EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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% (2021: 25%). Macao profits tax has been provided at the rate of 12% (2021: 12%) on the estimated assessable profit for the year.

The income tax on the Group's profit before share of profits less losses of joint ventures and associates, and income tax expense differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2022 HK$'000	2021 HK$'000
Profit before income tax	**131,075**	94,134
Less: share of profits less losses of:		
– Joint ventures	**9,619**	25,212
– Associates	**9,506**	9,970
Profit before share of profits less losses of joint ventures and associates, and income tax expense	**150,200**	129,316
Calculated at a tax rate of 16.5% (2021: 16.5%)	**24,783**	21,337
Effect of different tax rates applicable to the subsidiaries in the PRC and Macao	**6,296**	3,497
Income not subject to income tax	**(209,009)**	(150,510)
Expenses not deductible for income tax purposes	**194,200**	143,270
Tax losses not recognised	**7,814**	13,043
Under provision in prior years	**14**	7
Utilisation of previously unrecognised tax loss	**(1,681)**	(3,618)
	22,417	27,026
Withholding income tax on undistributed profits of PRC enterprises and loan interest income from PRC	**633**	835
Income tax expense	**23,050**	27,861

29 DIVIDENDS

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

	2022 **HK$'000**	2021 HK$'000
Final, proposed, of HK4 cents (2021: HK2 cents) per ordinary share	**44,847**	22,423
Special, proposed, of HK2 cents (2021: nil) per ordinary share	**22,423**	–

30 EARNINGS PER SHARE

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

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

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

31 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**530,758**	509,056
Retirement benefit costs - defined contribution plans (note)	**39,217**	40,730
	569,975	549,786

Note:

The Group operates defined contribution schemes which are available to all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the consolidated statement of profit or loss as incurred. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group has no further payment obligations once the contributions have been paid.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of eligible employees. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire retirement benefit obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes.

32 FIVE HIGHEST-PAID INDIVIDUALS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include two (2021: two) directors whose emoluments are reflected in the analysis shown in note 37. The emoluments payable to the remaining three (2021: three) highest paid individuals during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Basic salaries, bonuses, housing allowances, other allowances and benefits in kind	**2,947**	2,901
Retirement benefit costs - defined contribution plans	**54**	54
	3,001	2,955

The emoluments of the three (2021: three) highest paid individuals fell within the following bands:

	Number of individuals	
	2022 **HK$'000**	2021 HK$'000
Emolument bands		
Less than HK$1,000,000	**1**	2
HK$1,000,001 - HK$1,500,000	**2**	1

(a) During the year, no emoluments have been paid by the Group to the directors or the senior management as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the directors waived or has agreed to waive any emoluments.

33 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to cash generated from operations

	2022 HK$'000	2021 HK$'000
Operating profit	**162,387**	130,773
Amortisation of land use rights	**11,448**	11,787
Amortisation of intangible asset	**1,911**	1,770
Depreciation of property, plant and equipment and investment properties	**159,829**	153,352
Impairment loss of property, plant and equipment	**–**	2,835
Gain on disposals of property, plant and equipment, net	**(584)**	(4,341)
Provision for impairment of trade and other receivables, net	**12,378**	1,063
Amortisation of deferred income	**(2,050)**	(1,622)
Operating profit before working capital changes	**345,319**	295,617
Decrease in inventories and spare parts	**4,833**	5,222
(Increase)/decrease in trade and other receivables	**(50,913)**	59,000
Increase/(decrease) in trade payables, accruals and other payables	**33,557**	(44,318)
Cash generated from operations	**332,796**	315,521

33 NOTE TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Liabilities from financing activities				
	Short term borrowings HK$'000	Long term borrowings HK$'000	Amounts due to the non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 January 2022	250,000	197,835	46,769	105,689	600,293
Changes from financing cash flows:					
Proceeds from new bank loans	20,000	–	–	–	20,000
Repayment of bank loans	(50,000)	(15,365)	–	–	(65,365)
Repayment of amount due to the non-controlling interest	–	–	(2,829)	–	(2,829)
Capital element of lease rentals paid	–	–	–	(41,650)	(41,650)
Interest element of lease rentals paid	–	–	–	(6,176)	(6,176)
Total changes from financing cash flows	(30,000)	(15,365)	(2,829)	(47,826)	(96,020)
Foreign exchange difference	–	(16,115)	(422)	(2,770)	(19,307)
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	1,548	1,548
Lease modifications	–	–	–	9,947	9,947
Interest expenses for lease liabilities	–	–	–	6,176	6,176
Total other changes	–	–	–	17,671	17,671
As at 31 December 2022	220,000	166,355	43,518	72,764	502,637

33 NOTE TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Net debt reconciliation (Continued)

	Liabilities from financing activities				
	Short term borrowings HK$'000	Long term borrowings HK$'000	Amounts due to the non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 January 2021	100,000	139,318	78,550	37,032	354,900
Changes from financing cash flows:					
Proceeds from new bank loans	250,000	127,170	–	–	377,170
Repayment of bank loans	(100,000)	(72,324)	–	–	(172,324)
Repayment of amount due to the non-controlling interest	–	–	(32,020)	–	(32,020)
Capital element of lease rentals paid	–	–	–	(37,671)	(37,671)
Interest element of lease rentals paid	–	–	–	(3,549)	(3,549)
Total changes from financing cash flows	150,000	54,846	(32,020)	(41,220)	131,606
Foreign exchange difference	–	3,671	239	2,545	6,455
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	51,099	51,099
Lease modifications	–	–	–	52,684	52,684
Interest expenses for lease liabilities	–	–	–	3,549	3,549
Total other changes	–	–	–	107,332	107,332
As at 31 December 2021	250,000	197,835	46,769	105,689	600,293

33 NOTE TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022 HK$'000	2021 HK$'000
Within operating cash flows	**156,604**	144,910
Within financing cash flows	**47,826**	41,220
	204,430	186,130

These amounts relate to the following:

	2022 HK$'000	2021 HK$'000
Lease rentals paid	**204,430**	186,130

34 CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**9,901**	75,653

35 RELATED PARTY TRANSACTIONS

The directors of the Group regard CKSE as the immediate holding company, which owns 70% (2021: 70%) of the Company's ordinary shares. The parent company of the Group is Guangdong Provincial Port & Shipping Group Company Limited ("GDPS"), a state-owned enterprise established in the PRC. GDPS itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include GDPS and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and GDPS as well as their close family members.

For the years 2022 and 2021, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include most of its bank deposits and the corresponding interest income and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year:

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Note	2022 HK$'000	2021 HK$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transhipment income			
– joint ventures and an associate		**4,333**	6,101
– other related companies		**460**	488
Sub-baggage handling services fee			
– a related company	(vii)	**38**	38
Management service fees			
– immediate holding company	(i), (vii)	**30,000**	30,000
– joint ventures and associates	(ii)	**9,167**	10,639
– a related company	(ii)	**264**	264
Vessel rental income			
– a joint venture		**5,218**	2,608
– other related companies		**2,500**	2,982
Interest income	(iii)		
– a joint venture		**26**	100
Fuel supply income			
– fellow subsidiaries	(vii)	**16,337**	10,468
– joint ventures and an associate		**–**	605
Marine bunkering service			
– fellow subsidiaries	(vii)	**477**	139
– related companies	(vii)	**203**	180
Consulting and software service	(ii)		
– fellow subsidiaries		**822**	1,168
– joint ventures and an associate		**361**	574
– a related company		**50**	10
Agency fee income			
– fellow subsidiaries		**200**	129
– a joint venture		**20**	118
– other related companies		**149**	259
Repairing and maintenance service			
– a fellow subsidiary		**47**	58
– a related company		**269**	3
Cargo warehousing services			
– a related company	(vii)	**577**	–

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	Note	**2022** **HK$'000**	2021 HK$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transhipment expenses			
– a joint venture and an associate		**5,020**	4,476
Wharf cargo handling, cargo transportation and godown storage expenses			
– a subsidiary	(vii)	**44,341**	–
– a fellow subsidiary	(vii)	**–**	434
– joint ventures	(vii)	**39,632**	48,333
– a related company	(vii)	**13,319**	7,807
Ferry rental expenses			
– a fellow subsidiary	(vii)	**6,726**	5,786
Vessel rental expenses			
– a joint venture	(vii)	**37,237**	38,682
Warehouse rental expenses			
– immediate holding company	(iv), (vii)	**5,000**	5,000
Office rental expenses			
– immediate holding company	(vii)	**8,172**	7,337
– fellow subsidiaries		**1,787**	2,010
Staff quarter rental expenses			
– immediate holding company	(vii)	**2,219**	2,779
Property management fee expenses			
– fellow subsidiaries	(vii)	**1,419**	690
Loan interest expenses			
– non-controlling interests	(vi)	**252**	422
IT Management fee expenses			
– immediate holding company	(v), (vii)	**1,637**	2,948
Repair and maintenance expenses			
– a related company		**5,403**	11,900
Management fee expenses			
– fellow subsidiaries		**2,323**	110

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes:

(i) Management service fees was charged to CKSE for provision of services to a number of subsidiaries and joint ventures of CKSE in Hong Kong and the PRC. According to the management agreement, the management fee is calculated annually at (i) HK$20,000,000 per year or (ii) 3.25% of the total assets value of these companies as at 30 June of each year, whichever is higher, but the amount shall not exceed HK$30,000,000. The contract period is from 1 July 2020 to 30 June 2023.

(ii) Management, consulting and software service fees were charged based on the actual costs incurred for the service provided.

(iii) Interests were charged to a joint venture in respect of loans at the base lending rate announced by the base lending rate announced by the PBOC (2021: base lending rate announced by the PBOC), pursuant to the agreements entered into between the Group and joint venture.

(iv) The Group leased a warehouse from CKSE and rental was charged by CKSE pursuant to the agreement governing the transaction.

(v) Management fee expenses were charged for IT services provided by CKSE as set out in the agreement governing these transactions.

(vi) Loan Interest was charged by the non-controlling interests in respect of loans bearing interest rates at the base lending rate announced by base lending rate announced by PBOC (2021: base lending rate announced by PBOC).

(vii) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules governing the listing of Securities on the stock exchange ("the Listing Rules").

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**6,114**	6,878
Directors' fees	**720**	720
Retirement benefit scheme contributions	**71**	192
Housing benefit	**601**	652
	7,506	8,442

(c) Loan to a joint venture

	2022 HK$'000	2021 HK$'000
At 1 January	**1,223**	2,376
Loan repayment	**(1,223)**	(1,223)
Exchange differences	**–**	70
At 31 December	**–**	1,223

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**100,108**	104,068
Land use rights		**28,899**	29,736
Investments in subsidiaries		**1,976,922**	1,960,186
Investments in joint ventures		**102,943**	105,033
		2,208,872	2,199,023
Current assets			
Trade and other receivables		**634,062**	776,061
Income tax recoverable		**3,825**	–
Cash and cash equivalents		**404,394**	300,537
		1,042,281	1,076,598
Total assets		**3,251,153**	3,275,621
EQUITY			
Share capital		**1,415,118**	1,415,118
Reserves	(a)	**1,445,952**	1,428,417
Total equity		**2,861,070**	2,843,535
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**512**	4,213
Current liabilities			
Trade payables, accruals and other payables		**169,571**	176,190
Income tax payable		**–**	1,683
Short term borrowings		**220,000**	250,000
		389,571	427,873
Total liabilities		**390,083**	432,086
Total equity and liabilities		**3,251,153**	3,275,621

Approved and authorised by the board of directors on 24 March 2023

Liu Guanghui
Director

Zhou Jun
Director

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

Note (a) Reserve movement of the Company

	Retained profits HK$'000
At 1 January 2022	**1,428,417**
Profit for the year	**39,958**
2021 final dividend	**(22,423)**
At 31 December 2022	**1,445,952**
Representing:	
2022 final dividend proposed	**67,270**
Reserves	**1,378,682**
	1,445,952
At 1 January 2021	1,365,076
Profit for the year	85,764
2020 final dividend	(22,423)
At 31 December 2021	1,428,417
Representing:	
2021 final dividend proposed	22,423
Reserves	1,405,994
	1,428,417

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

(a) Directors' and chief executive's emoluments

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

For the year ended 31 December 2022:

Name	Fees HK$'000	Salary and discretionary bonuses (Note (i)) HK$'000	Allowances and benefits in kind (Note (ii)) HK$'000	Employers contributions to retirement benefit scheme HK$'000	Total HK$'000
Chairman/managing director					
Mr. Wu Qiang#1	–	219	25	8	252
Mr. Zhou Jun#2	–	928	272	109	1,309
Mr. Liu Guanghui	–	1,120	305	122	1,547
Executive directors					
Mr. Liu Wuwei	–	652	–	102	754
Non-executive director					
Ms. Zhong Yan	–	–	–	–	
Independent non-executive directors					
Mr. Chan KayCheung	320	–	–	–	320
Ms. Yau Lai Man	200	–	–	–	200
Mr. Chow Bing Sing	200	–	–	–	200
Total	720	2,919	602	341	4,582

#1 Resigned on 7 February 2022

#2 Appointed on 7 February 2022

Notes:

(i) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings. Discretionary bonuses are determined on the Group achieving its target performance indicators.

(ii) Includes housing benefit.

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

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

For the year ended 31 December 2021:

Name	Fees HK$'000	Salary and discretionary bonuses (Note (i)) HK$'000	Allowances and benefits in kind (Note (ii)) HK$'000	Employers contributions to retirement benefit scheme HK$'000	Total HK$'000
Chairman/managing director					
Mr. Wu Qiang[#1]	–	1,134	283	150	1,567
Mr. Huang Liezhang[#2]	–	839	270	207	1,316
Mr. Liu Guanghui[#3]	–	363	101	57	521
Executive directors					
Mr. Chen Jie[#4]	–	412	–	143	555
Mr. Liu Wuwei	–	578	–	173	751
Non-executive director					
Ms. Zhong Yan	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Kay-Cheung	320	–	–	–	320
Ms. Yau Lai Man	200	–	–	–	200
Mr. Chow Bing Sing	200	–	–	–	200
Total	720	3,326	654	730	5,430

#1 Resigned on 7 February 2022

#2 Resigned on 27 August 2021

#3 Appointed on 27 August 2021

#4 Resigned on 10 November 2021

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

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

For the year ended 31 December 2021: (Continued)

Notes:

(i) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings. Discretionary bonuses are determined on the Group achieving its target performance indicators.

(ii) Includes housing benefit.

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking		Total	
2022	2021	**2022**	2021	**2022**	2021
HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
4,581	5,430	**–**	–	**4,581**	5,430

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 December 2022 and 2021.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2022 and 2021.

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

During the years ended 31 December 2022 and 2021, no consideration was paid by the Company to third parties for making available directors' services.

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

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

During the years ended 31 December 2022 and 2021, there were no loans, quasi-loans and other dealing arrangements in favour of directors of the Company or its holding companies, bodies corporate controlled by and entities connected with such directors.

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

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

RESULTS

	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,899,545**	2,268,408	1,854,549	2,147,876	2,404,496
Operating profit	**162,387**	130,773	80,647	114,927	180,768
Finance income	**11,934**	10,051	22,337	26,755	20,852
Finance cost	**(24,121)**	(11,508)	(10,116)	(12,402)	(8,488)
Net finance income/(cost)	**(12,187)**	(1,457)	12,221	14,353	12,364
Share of profits less losses of					
– joint ventures	**(9,619)**	(25,212)	(20,192)	130,443	55,946
– associates	**(9,506)**	(9,970)	1,808	6,760	14,604
Profit before income tax	**131,075**	94,134	74,484	266,483	263,682
Income tax expense	**(23,050)**	(27,861)	(9,186)	(34,335)	(41,127)
Profit for the year	**(108,025)**	66,273	65,298	232,148	222,555
Attributable to:					
Equity holders of the Company	**93,490**	44,074	49,821	214,078	226,072
Non-controlling interests	**14,535**	22,199	15,477	18,070	(3,517)
	(108,025)	66,273	65,298	232,148	222,555
Earnings per share (HK cents)					
Basic and Diluted	**8.34**	3.93	4.44	19.09	20.35

ASSETS AND LIABILITIES

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Non-current assets	**3,119,225**	3,299,300	3,183,441	2,702,728	2,683,759
Current assets	**1,450,555**	1,398,566	1,390,273	1,671,202	1,647,788
Total assets	**4,569,780**	4,697,866	4,573,714	4,373,930	4,331,547
Non-current liabilities	**286,843**	362,767	251,181	262,044	254,216
Current liabilities	**787,630**	783,905	691,012	664,799	710,869
Total liabilities	**1,074,473**	1,146,672	942,193	926,843	965,085
Total equity	**3,495,307**	3,551,194	3,631,521	3,447,087	3,366,462

Notes:

(a) The financial information for the years ended 31 December 2021 and 2022 were extracted from the 2022 financial statements.

(b) The financial information for the years ended 31 December 2018, 2019 and 2020 were extracted from the 2021 Annual Report.

CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

24th Floor, Chu Kong Shipping Tower
143 Connaught Road Central
Hong Kong

Tel: (852) 2581 3799
Fax: (852) 2851 0389

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