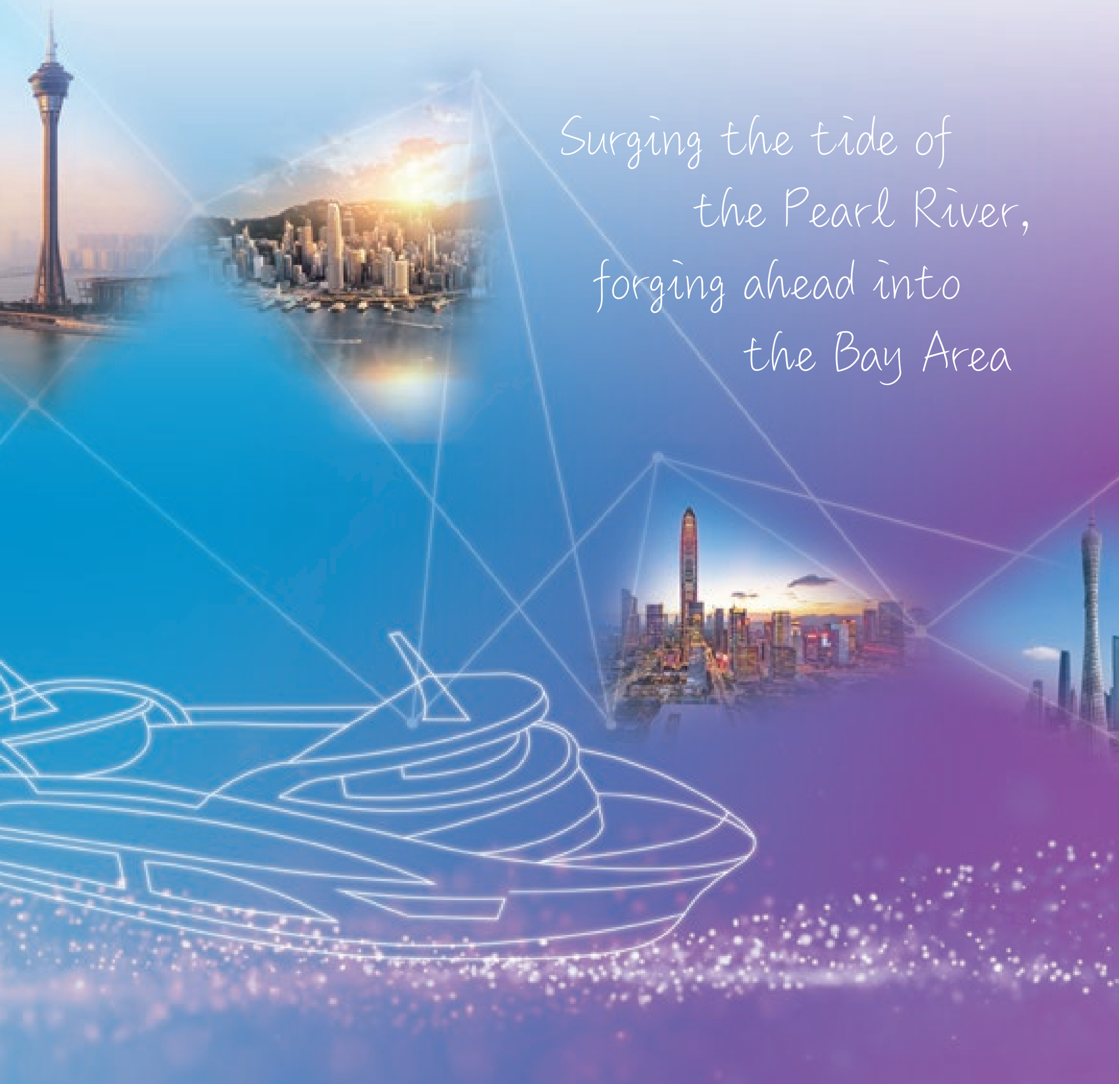
CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

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



INTERIM REPORT 2023

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company (the "Board"), I hereby present the interim results of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2023 to the shareholders of the Company (the "Shareholders") for their review.

REVIEW

In the first half of 2023, Guangdong, Hong Kong and Macao resumed normal traveller clearance in an orderly manner, a number of cross-border waterway passenger transportation routes of the Group have ushered in the resumption of service, several long-awaited new routes have also been successfully launched, and passenger transportation business segment has gradually recovered. Although the overall domestic economic operation is recovering and improving, the international environment is still facing the complexities of a severe environment, with decelerating global trade and investment, rising geopolitical risks and weakening overseas demand which continuously affect the Group's cargo transportation business.

Facing the current situation where the risk of weak growth prospect of the world economy is becoming more prominent, the Group made overall plans for the development layout and accelerated its business transformation and upgrade. Regarding the cargo transportation business, through developing new projects and exploring potentials, focusing on the development of key businesses such as construction logistics and duty-free products storage, the Group actively cultivated emerging businesses such as cross-border railway charter transportation and continued to create new advantages in terminal logistics. In terms of the passenger transportation business, the Group firmly grasped the opportunity of the resumption of normal traveller clearance, which gradually restored the penetration rate of cross-border passenger transportation, continued to enhance the competitiveness of local ferries and gain the popularity of water cultural tourism.

Promoting the upgrade of the logistics strategy, achieving the steady development of cargo business. The Group vigorously develops construction logistics projects while expanding its terminal logistics business. Chu Kong Transhipment & Logistics Company Limited ("CKTL") utilises its long-term accumulated project experience and customer resources to tap the potential of the transportation market of Modular Integrated Construction ("MIC"). Having won multiple construction logistics projects previously, CKTL successfully won the bid for part of the sand supply project of the second runway renovation project of Hong Kong International Airport. The Group has also achieved new breakthroughs in e-commerce and air freight logistics businesses. Chu Kong Cargo Terminals (Gaoming) Co., Ltd. ("Gaoming Port") started the land transport of cross-border e-commerce business in February, which added new impetus for enterprises to expand new markets and explore new customers. Based on Tuen Mun Godown Wharf, CKTL successfully undertook the freight cargo businesses of drones exporting to Thailand from well-known technology companies and electrical appliance manufacturers, thus achieving the synergistic development of diversified businesses. During the period, the Group also overcame the adverse impact of weakening overseas demand, successfully developed the cross-border railway charter transportation business, achieved growth in Southeast Asian routes, and actively prepared for the establishment of a logistics network in Vietnam.

Consolidating the strategic advantages of the airport and gradually recovering cross-border passenger transport. While making every effort to maintain a smooth operation of the Hong Kong International Airport baggage handling service and apron vehicle sharing service, the Group continued to actively bid for other relevant strategic high-quality projects. Chu Kong Passenger Transport Company Limited ("CKPT"), sticking around the airport strategy, continued to increase the layout of airport projects and extend businesses around the airport, gradually enhancing its competitive advantage. The resumption of normal traveller clearance at the beginning of the year also benefits the Group's cross-border waterway passenger transportation business. During the period, ten cross-border waterway passenger transportation routes commenced operation, including the three newly opened routes of "Shenzhen Airport Ferry Terminal-China Ferry Terminal", "Guangzhou Pazhou-China Ferry Terminal" and "Guangzhou Pazhou-Hong Kong International Airport". Although the recovery in the number of passengers was less than expected due to the increase of international routes at mainland airports and the improvement of land transportation in the Greater Bay Area, the Group continued to deepen cooperation with airlines, travel agencies and other industries, and strengthened business marketing and promotion to achieve an orderly recovery of cross-border passenger transportation business, with passenger load factor of some routes returning to pre-pandemic levels.

Deepening the strategic cooperation in Hong Kong and making great strides in business expansion. While continuing to expand the local ferry business, the Group continued to strengthen business integration with the auxiliary segment. The passenger traffic of Sun Ferry Services Company Limited ("Sun Ferry") showed an increasing trend and brought a stable contribution to the Group, fully manifesting the synergy effect. The passenger volume of the cruise ship "Oriental Pearl" operated by Oriental Pearl Cruise Company Limited ("Oriental Pearl"), which regularly operated at the Central Pier, increased significantly during the period, further enhancing the competitiveness of the water cultural tourism market. Sun Kong Petroleum Company Limited ("Sun Kong Petroleum") successfully won the bid for the HKSAR Government's bunkering project, and successfully reached a cooperation of the lubricating oil supply chain agency project. The expansion of Hong Kong's local fuel supply business has achieved remarkable results.

Whilst successfully promoting several key projects, the Group has further standardised risk management, continued to optimise business management processes, strengthened the integration of internal resources, increased investment in digital information construction and strictly implemented cost reduction and efficiency enhancement to alleviate business pressure.

OUTLOOK

In the second half of the year, with the normalisation of cross-border passenger and cargo flows after the normal traveller clearance, the HKSAR Government will implement further measures to stimulate the local economy and improve people's livelihood while enhancing Hong Kong's competitiveness through its talent attraction policy. The comparative advantages of the Greater Bay Area will be fully utilised, with the functional layout of the region being continued to optimise, and the effects of integration and development being gradually apparent, the Group will have a wider scope and a better platform in its future development process. 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, build on the livelihood of the people in Hong Kong, integrate the resources in the Bay Area, plan for the layout of ASEAN, and promote the development of enterprises in a high-quality manner.

Firstly, the Group will promote the integration of its main businesses and enhance operational management capabilities. The Group will professionalise the cross-border waterway passenger transportation business across Guangdong-Hong Kong, and steadily promote the integrated operation of cross-border passenger transportation. The Group will also enhance the local ferry and cultural tourism sectors in the long run, and build a professional passenger transportation operation platform that is more resilient and synergistic. The Group will actively shape five platforms, namely port operation, integrated logistics, warehousing logistics, construction logistics and new business development, to enhance the coordination and synergy of internal and external logistics resources, strengthen the linkage between cargo terminals and navigation, consolidate the advantages of resources, and explore the market potential to build a more active and competitive professional logistics operation platform.

Secondly, the Group will build up its strategic advantages in logistics to enhance its market influence. The Group will utilise its advantages in professional construction logistics platform and actively participate in the construction projects of Hong Kong's "Northern Metropolis" and "Kau Yi Chau Artificial Islands", and vigorously expand the construction logistics and building materials supply businesses. To coordinate the layout of integrated storage centre, the Group will vigorously develop its modern logistics businesses including air freight logistics, supply chain logistics, cold chain logistics and duty-free product storage, facilitating its logistics business to extend into high-end industrial chain. Moreover, the Group will accelerate the establishment of logistics business network in the ASEAN region and capture emerging market share to create a profit growth driver under the "One Belt, One Road" initiative.

Thirdly, the Group will promote the transformation of its waterway passenger transportation to enhance the sustainability of the enterprise. The Group will strive to launch more high-quality routes by focusing on cultivating core routes including the expansion of Pazhou, Shenzhen, Zhongshan and other route networks. The Group will strive to integrate its business into the Hong Kong airport business circle, optimise airport passenger routes while actively bidding for more high-quality service projects of the Hong Kong International Airport. Moreover, the Group will improve the "sea-land-air intermodal" service chain continuously, and strive to become a comprehensive service provider for the Hong Kong International Airport.

Fourthly, the Group will strengthen the expansion of its local business to enhance its regional penetration. The Group will actively seize the opportunity of winning bunkering projects of the HKSAR Government and further expand the market share by providing high-quality bunkering services to the government. The Group will continue to explore the potential of the local ferry market, enhance its business control and industry influence and further consolidate its advantages in the ferry business. Moreover, the Group will deepen the cooperation amongst local ferry business, the cross-border passenger transportation and fuel supply businesses, aiming to achieve cost reduction and efficiency enhancement so as to improve synergies. The Group will focus on developing the "Oriental Pearl" Victoria Harbour Tour project by stepping up its efforts in brand promotion through multiple channels, enhancing the resources utilisation rate for the passenger transportation business of cultural tourism, and expanding business channels such as advertising and sponsoring campaigns, recurring consumption and value-added services, with a view to continuously strengthening the water cultural tourism industry.

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 supports to the Group, as well as to our management and staff who have worked hard to strive toward better results for the Group. We will continue to strive to create greater value for Shareholders.

Liu Guanghui
Chairman

Hong Kong, 23 August 2023

REVIEW OF OPERATIONS

For the period ended 30 June 2023, the Group recorded consolidated revenue of HK$1,233,130,000, representing a decrease of 23.0% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK$58,387,000, representing an increase of 6.3% over the same period last year.

In the first half of 2023, factors such as the changes in the global context and macroeconomics have resulted in decelerated growth in the global economy. Under high inflation, rising interest rate, the rise of trade protectionism and geopolitical tensions, the momentum of medium and long-term global economic growth has been significantly lacking. Meanwhile, weak demand and shifts in the manufacturing industry have weakened the fundamentals of the supply and demand of navigation industry in China. Facing a complex and volatile market environment, the Group coordinated in all aspects, persisted in innovation, optimised strategic layout, strengthened its business development, deepened enterprise reform, and implemented various measures to seek development.

Regarding the cargo transportation business, due to the continuous sluggish global navigation market, the market demand for terminal logistics declined severely, combined with the one-off anti-epidemic livelihood supplies transportation business in Hong Kong in the corresponding period last year, the Group's cargoes transportation business in the period experienced a certain degree of decline. During the period, the container transportation volume recorded 646,000 TEU, representing a year-on-year increase of 0.2%; the break bulk cargoes transportation volume recorded 202,000 tons, representing a year-on-year decrease of 41.0%. As for the cargo handling business, the container handling volume recorded 527,000 TEU, representing a year-on-year decrease of 7.8%; the break bulk cargoes handling volume recorded 3,222,000 tons, representing a year-on-year decrease of 20.2%; and the volume of container hauling and trucking recorded 90,000 TEU, representing a year-on-year decrease of 8.4%.

REVIEW OF OPERATIONS *(Continued)*

Regarding the passenger transportation business, the Group's traditional cross-border waterway passenger routes resumed in an orderly manner since 8 January 2023. Three routes, including "Shenzhen Airport Ferry Terminal-Hong Kong China Ferry Terminal", "Guangzhou Pazhou-Hong Kong China Ferry Terminal" and "Guangzhou Pazhou – Hong Kong International Airport" have also been launched. The local ferry business has seized the development opportunity brought by the resumption of normal traveller clearance, the business volume increased in the first half of the year. During the period, the total number of passengers for agency services amounted to 647,000, and the number of passengers for terminal services amounted to 423,000. The number of passengers for the local ferry service was 6,333,000, representing a year-on-year increase of 23.4%.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

1. Cargo Transportation Business

Business Operation Indicators

Performance statistics of our major business operations are as follows:

	For the six months ended 30 June		
Indicators	**2023**	2022	Change
Container transportation volume (TEU)	**646,000**	644,000	0.2%
Break bulk cargoes transportation volume (revenue tons)	**202,000**	342,000	-41.0%
Volume of container hauling and trucking on land (TEU)	**90,000**	98,000	-8.4%

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

1. Cargo Transportation Business *(Continued)*

Subsidiaries

In the first half of 2023, the recovery of the world economy was sluggish and the global freight transportation market remained bleak, severely affecting the Group's freight business. CKTL adjusted its business strategy timely and reduced operating costs while developing diversified business actively and enhancing market competitiveness. During the period, the container transportation volume recorded 646,000 TEU, representing a year-on-year increase of 0.2%. Impacted by the decrease in demand for the cargoes transportation market and full recovery of cross-border truck operations, the break bulk cargoes transportation volume recorded 202,000 tons during the period, representing a year-on-year decrease of 41.0%; the volume of container hauling and trucking on land recorded 90,000 TEU, representing a year-on-year decrease of 8.4%.

CKTL had actively utilised accumulated project experience and customer resources to tap the transportation business for MIC modules continuously, which successfully promoted projects of campus refurbishment for the City University of Hong Kong and several small-medium transitional housing. CKTL also won the bid for a sand supply for part of the Hong Kong International Airport Second Runway refurbishment project, which the supply started from late May until the completion of the refurbishment of mainframe construction.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business

Business Operation Indicators

Performance statistics of our major business operations are as follows:

	For the six months ended 30 June		
Indicators	**2023**	2022	Change
Container handling volume (TEU)	**527,000**	571,000	–7.8%
Volume of break bulk cargoes handled (revenue tons)	**3,222,000**	4,036,000	-20.2%

Subsidiaries

During the period, impacted by the slackened global economic growth, full recovery of cross-border truck operations after the resumption of normal traveller clearance in Guangdong, Hong Kong and Macao, and reduction in the transportation volume of anti-epidemic civilian supplies, both the container handling volume and the break bulk cargoes volume handled by the Group decreased. Facing numerous unfavorable factors, each subsidiary strived to overcome multiple hurdles and adopted various measures to enhance income.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business *(Continued)*

Subsidiaries *(Continued)*

The overall container handling volume in the Zhaoqing region recorded 92,000 TEU, representing a year-on-year increase of 10.6%; the overall break bulk cargoes handling volume recorded 2,173,000 tons, representing a year-on-year decrease of 14.5%. During the period, Zhaoqing New Port continued to improve the port's customs clearance environment, strengthened and optimised the import business of recycled metals, and also established a port-specialised business "Gushui Town Ceramics Line". Container handling volume of Zhaoqing New Port recorded a year-on-year increase of 17.7%. During the period, Sihui Port increased the container turnover rate by conducting precise marketing in accordance with local sources of goods, which achieved significant growth in businesses such as rice bran, syrup and aluminium ingots. Gaoyao Port deeply explored local ceramics export business for foreign trade, added ore import business, and re-developed break bulk cargoes business of gravel for Hong Kong and Macao.

During the period, the container handling volume at Gaoming Port of Foshan region recorded 127,000 TEU, representing a year-on-year increase of 3.2%, of which the handling volume of foreign trade amounted to 116,000 TEU, representing a year-on-year increase of 10.0%. Gaoming Port and CKTL jointly explored new markets, persistently stepping up efforts to market bulk products such as imported cotton yarn and timber. Gaoming Port leveraged advantages of owning one of the largest and highest-standard "renewable resources" inspection fields in Guangzhou Customs District to expand and strengthen the import business of "renewable resources". Gaoming Port grasped the opportunities from the resumption of normal traveller clearance, started using cross-border trucks to carry out cross-border e-commerce business, and innovated the business model for cross-border e-commerce business.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business *(Continued)*

Subsidiaries *(Continued)*

During the period, the container handling volume at Qingyuan Port recorded 57,000 TEU, representing a year-on-year increase of 6.5%; the break bulk cargoes handling volume recorded 201,000 tons, representing a year-on-year increase of 160.4%. By enhancing cooperation with the container shipping companies like Zhonggu Logistic, more cargoes were introduced to Qingyuan Port for handling, which successfully increased the domestic container handling volume. Qingyuan Port launched a new handling business for bagged cement, and actively developed an export business of foreign bulk cement trading, which promoted a significant increase in the break bulk cargoes handling volume.

The overall container handling volume in the Zhuhai region recorded 102,000 TEU, representing a year-on-year decrease of 5.4%. During the period, the container handling volume at Doumen Port recorded 32,000 TEU, representing a year-on-year increase of 1.5%. Doumen Port actively explored the market potential of foreign trading enterprises in Doumen District and its periphery, and successfully introduced the transportation of goods from customers such as Gree Electric Appliances into Doumen Port. Doumen Port actively improved port workflow and transportation solutions in order to satisfy the customer's needs. Under the complex and volatile condition of foreign trading, Doumen Port successfully stablised the container handling business. Civet Port achieved a container handling volume of 70,000 TEU, representing a year-on-year decrease of 8.1%. Because of the relaxation of the anti-epidemic measures from the government which resulted in the business termination from the Zhuhai Cross-border Freight Connecting Station, the business volume of Civet Port has decreased. Civet Port strictly controlled operation costs, deployed business development for building materials handling, and strived to achieve cost-saving and efficiency enhancement.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business *(Continued)*

Subsidiaries *(Continued)*

During the period, the container handling volume at Zhongshan Huangpu Port in Zhongshan region recorded 20,000 TEU, representing a significant increase of 49.6% year-on-year, while the break bulk cargoes handling volume recorded 292,000 tons, representing a significant increase of 62.3% year-on-year. Zhongshan Huangpu Port deeply explored the potentials of key customers, and enhanced the service proactiveness and flexibility, resulting in a significant increase in export volume of key customers such as Changhong Electric and Homa Appliances. Meanwhile, many new export customers were successfully acquired, resulting in a significant increase in the container handling volume through a multi-pronged approach. Zhongshan Huangpu Port actively developed a new business of bulk cargo, took over the in-yard processing and bulk cargo charter export business of steel from Lecong, successfully developed a bulk cement supply business to Hong Kong, and increased domestic cement handling volume through optimising berth allocation and handling technique.

Impacted by the sluggish Hong Kong cargoes market, the business volume in Hong Kong region decreased severely. The overall container handling volume recorded 128,000 TEU during the period, representing a year-on-year decrease of 32.4%; the overall break bulk cargoes handling volume recorded 428,000 tons, representing a year-on-year decrease of 24.1%. During the period, CKTL actively renovated the warehouse in response to the market changes, expanding the climate-controlled storage area at Tuen Mun warehouses to store the high-value items such as perfume, cosmetic, and duty-free alcohol from China Duty Free International. The climate-controlled warehouse is currently at full capacity. On the premise of risk being controlled, CKTL actively developed air freight cargo business, successfully undertook the air freight cargo business of drones exporting to Thailand and electrical appliances to Europe and India.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business *(Continued)*

Joint Ventures and Associates

Terminals in the Jiangmen region include Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. Jiangmen region recorded a total container handling volume of 159,000 TEU, representing a year-on-year increase of 6.2%; while the break bulk cargoes handling volume recorded 696,000 tons, representing a significant increase of 543.2% year-on-year. During the period, Sanbu Port recorded a total container handling volume of 75,000 TEU, representing a year-on-year increase of 15.0%; recorded a total break bulk cargoes handling volume of 153,000 tons, representing a significant increase of 113.8% year-on-year. Sanbu Port has increased its marketing efforts, resulting in a significant increase in the container handling volume for both imported ceramic material and exported ceramic. In terms of break bulk cargoes business, Sanbu Port stabilised the business volume of break bulk cargoes business for bulk-grain-and-food commodities from existing customers while continuing to explore the new businesses for break bulk cargoes of sand and gravel, deeply exploring the market potential, resulting in a significant increase in break bulk cargoes handling volume. The break bulk cargoes handling volume at Heshan Port recorded 542,000 tons, representing a year-on-year increase of nearly fourteenfold. Heshan Port strengthened its marketing efforts on the steel coil business, successfully won a large number of businesses for steel coil, formed steel and billet, and achieved a huge breakthrough in the break bulk cargoes handling volume.

REVIEW OF OPERATIONS *(Continued)*

I. TERMINAL NAVIGATION LOGISTICS BUSINESS *(Continued)*

2. Cargo Handling and Storage Business *(Continued)*

Joint Ventures and Associates *(Continued)*

Chu Kong Cargo Terminals (Beicun) Co., Ltd. in the Foshan region recorded a total container handling volume of 18,000 TEU, representing a year-on-year increase of 8.0%. Beicun Port successfully developed various import and export businesses such as cotton yarns, food flavourings, candies and beverages and rails for mass transit railway through creating a good customs clearance environment and establishing flexible marketing solutions. Even with the decreasing import volume of rice, Beicun Port still achieved an increase in the container handling volume. Beicun Port seized the opportunity of rapid development of new cross-border e-commerce business, and became the port of export for e-commence business, successfully launching the business of container export in e-commerce. 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.

REVIEW OF OPERATIONS *(Continued)*

II PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

Performance statistics of the major business operations are as follows:

	For the six months ended 30 June Number of Passengers (in thousands)		
Indicators	**2023**	2022	Change
Total number of passengers for agency services	**647**	34	1,825.3%
Total number of passengers for terminal services	**423**	34	1,158.3%
The number of passengers for local ferry transportation *(Note)*	**6,333**	5,133	23.4%

Subsidiaries

Since 8 January 2023, the operation of cross-border waterway passenger routes of the Group resumed in an orderly manner. Even though the cross-border passenger transportation business of the Group in the first half of the year increased significantly compared with the same period last year, there was still a gap as compared with the pre-pandemic level. During the period, the total number of passengers for agency services of CKPT amounted to 647,000, representing a significant increase of 1,825.3% year-on-year; the number of passengers for terminal services of CKPT amounted to 423,000, representing a significant increase of 1,158.3% year-on-year.

REVIEW OF OPERATIONS *(Continued)*

II PASSENGER TRANSPORTATION BUSINESS *(Continued)*

Subsidiaries *(Continued)*

Regarding urban routes, CKPT currently operates six routes normally, including Zhongshan, Nansha, Shekou, Shenzhen Airport, Shunde and Pazhou, which the number of passengers served during the period amounted to 438,000. Regarding airport routes, CKPT currently operates four routes normally, including Zhongshan, Shekou, Humen, and Pazhou, which the number of passengers served during the period amounted to 209,000. With persistently improving integrated transport system in the Guangdong-Hong Kong-Macao Greater Bay Area, combined with the fact that other cross-border waterway passenger routes, except for the route between Shekou and the Hong Kong International Airport, were long suspended during the epidemic, the way people travel has changed during the epidemic. It is expected that the number of passengers served by the cross-border passenger transportation business would be hard to restore to the pre-pandemic level in a short period of time.

CKPT utilised the internet to open up channels for ticket sales and route promotion and introduced the ticket package "Cross-Border Passenger Transportation +" together with the Group's subsidiaries such as Sun Ferry and Oriental Pearl. With the recovery of passenger volume at the Hong Kong International Airport, the operation scale of the self-service baggage drop project at the Hong Kong International Airport, for which CKPT had previously won the bid, has been expanded and profitability has been restored to the pre-epidemic level. The operations of baggage handling service and apron vehicle sharing service continued to be stable during the period.

REVIEW OF OPERATIONS *(Continued)*

II PASSENGER TRANSPORTATION BUSINESS *(Continued)*

Subsidiaries *(Continued)*

Regarding local ferry services, along with the full resumption of people travelling between Hong Kong and China from 6 February 2023, the Group's local ferry business recorded a total number of passengers of 6,333,000 during the period, representing a year-on-year increase of 23.4%. During the Lunar New Year holidays and the Labour Day holidays, the number of passengers and sailings for Sun Ferry soared, with the highest single-day number of passengers reaching approximately 60,000. Sun Ferry extended the sailing services time on public holidays and rapidly channeled the number of passengers flow on the holidays, which was highly praised and recognised by the related bureau of the HKSAR Government and Cheung Chau Rural Committee.

Regarding the water cultural tourism business, through ongoing product innovation and service optimisation, the effect of market cultivation of Oriental Pearl was gradually demonstrated. During the period, a cumulative passenger flow of 21,000 passengers was recorded, representing a significant increase of 261.4% year-on-year. The cruise ship "Oriental Pearl" also accomplished a reception for senior officials of the Chinese government in a high-quality manner, which was awarded a letter of praise by the Hong Kong Development Bureau.

REVIEW OF OPERATIONS *(Continued)*

II PASSENGER TRANSPORTATION BUSINESS *(Continued)*

Joint Ventures and Associates

During the period, benefiting from the operation resumption of the cross-border waterway passenger routes between Guangdong and Hong Kong, the number of passengers at SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) amounted to 209,000, representing a year-on-year increase of 522.9%. The operation of Hong Kong Passenger Shipping Co-op Co., Ltd. has resumed since 13 January 2023, the passenger transportation volume of the urban routes during the period was 265,000. The operation of Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. has resumed since 30 March 2023, the passenger transportation volume served for the urban routes during the period amounted to 32,000.

The shuttle bus business for the Hong Kong-Zhuhai-Macao Bridge jointly operated by Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd., an associate of the Group, recorded a number of passengers of 7,610,000 during the period, relatively close to the pre-pandemic level.

REVIEW OF OPERATIONS *(Continued)*

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, Sun Kong Petroleum seized the opportunities from normal traveller clearance resumption between Guangdong and Hong Kong as well as Hong Kong's economic recovery, continued to promote business transformation, and achieved "double growth" in both diesel and engine oil sales. During the period, Sun Kong Petroleum recorded a sales volume of 34,000 tons for diesel, representing a year-on-year increase of 125.3%, and a sales volume of 412,000 litres for engine oil, representing a year-on-year increase of 81.2%. Sun Kong Petroleum, as a contractor of Shell Hong Kong Limited, on the one hand, made use of its scarce local refueling buoyancy resources at sea in Hong Kong, successfully took over the marine oil bunkering project from the HKSAR Government, which would provide marine bunkering services to the government vessels of marine region of police force, customs, and fire services during the project period. On the other hand, Sun Kong Petroleum became a supply chain agent of Gulf Oil, a local quality lubricant brand in Hong Kong, creating a solid foundation for becoming the largest supplier of lubricant in Hong Kong in the future.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, during the period, Chu Ou Engineering and Technologies Company Limited ("Chu Ou Engineering") recorded revenue and profit growth compared with the same period last year. This was mainly attributed to the Sands Corporation Water Supply Pipeline Project, etc. As the Group's Macao-based company for the property and facility maintenance business, Chu Ou Engineering, on the basis of consolidating the existing businesses, is expected to leverage the technical advantages, improve the quality of services, actively explore new businesses, and strive to become an important force in safeguarding the people's livelihood in Macao.

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

The Group closely monitored its working capital and financial resources to maintain a solid financial position. As at 30 June 2023, the Group secured total credit facilities of HK$1,186,650,000 and RMB135,710,000 (equivalent to approximately HK$147,191,000) (31 December 2022: HK$1,185,000,000 and RMB148,610,000 (equivalent to approximately HK$166,361,000)) granted by bona fide banks.

As at 30 June 2023, the current ratio of the Group, representing current assets divided by current liabilities, was 1.7 (31 December 2022: 1.8).

As at 30 June 2023, the Group's cash and cash equivalents amounted to HK$1,053,079,000 (31 December 2022: HK$1,063,573,000), which represented 23.0% (31 December 2022: 23.3%) of the total assets.

As at 30 June 2023, the gearing ratio of the Group, representing bank borrowings divided by total equity and bank borrowings, was 9.7% (31 December 2022: 10.0%) and the debt ratio, representing total liabilities divided by total assets, was 25.5% (31 December 2022: 23.5%).

After considering the cash held by the Group and cash flows from operating activities, as well as the bank 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 period, the Group did not use any other financial instruments for hedging purpose.

BANK LOANS AND PLEDGE OF ASSETS

Bank Loans	**As at 30 June 2023**	As at 31 December 2022
Banks located in Hong Kong *(Note 1)*		
– Hong Kong Dollar	**220,000,000**	220,000,000
Banks located in China *(Note 2)*		
– Renminbi	**135,710,000 (equivalent to approximately HK$147,191,000)**	148,605,000 (equivalent to approximately HK$166,355,000)

Notes:

1. The loans from banks located in Hong Kong as at 30 June 2023 was bearing floating interest rate and unsecured. The relevant terms of which are identical to those set out in the 2022 Annual Report.

2. The loans from banks located in China as at 30 June 2023 were bearing floating interest rates and 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 to those set out in the 2022 Annual Report.

3. Detailed analysis on bank loans is set out in note 10 to the financial statements.

CURRENCY STRUCTURE

As at 30 June 2023, the Group deposited its cash and cash equivalents with several reputable banks, of which the majority were denominated in Hong Kong dollar and Renminbi, with a few denominated in United States dollar, Macao pataca and Euro.

CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 30 June 2023 were HK$3,609,000 (31 December 2022: HK$9,901,000).

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed in this interim report, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures, and associates for the six months ended 30 June 2023.

SIGNIFICANT INVESTMENT

Save as disclosed in this interim report, there was no other significant investment held by the Group for the six months ended 30 June 2023.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION

As at 30 June 2023, the Group employed 2,207 employees (30 June 2022: 2,194) and remunerated its employees according to the duty of their positions and the market conditions. The staff costs of the Group as at 30 June 2023 amounted to HK$289,182,000 (30 June 2022: HK$289,632,000), such costs 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 training for staff from time to time in addition to the above employee benefits.

EXCHANGE RISK

Currently, the ordinary operations and investments of the Group are concentrated in Guangdong Province, Hong Kong, and Macao, with operating revenue and expenses mainly denominated in HKD, as well as in RMB and USD. RMB revenue received in Mainland China may be used for payment of expenses of the Group which are denominated in RMB and incurred in Mainland China. HKD or USD revenue received may be remitted to the Group's bank accounts in Hong Kong through proper procedures. So long as the linked exchange rate system in Hong Kong with USD is maintained in the short term, it is expected that the Group will not be subject to relatively significant exchange risk.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

No listed securities of the Company were purchased or sold by the Company or any of its subsidiaries for the period. The Company did not redeem any of its shares during the period.

SECURITIES TRANSACTIONS AND INTERESTS HELD BY THE DIRECTORS

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 fully complied with the required standards set out in the Model Code in relation to such transactions during the accounting period covered by 2023 Interim Report.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2023, the Company has not been notified of any interests or short positions of the Directors and chief executives 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 (including, on principle, the Chairmen, directors (excluding independent non-executive directors) and senior management of the Company and its subsidiaries) 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.

Under 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 be terminated on 7 December 2025. 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 Exchange for five consecutive business days immediately preceding the date of grant.

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 interim 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.

Please refer to the Company's circular dated 23 November 2015 for particulars of the Share Option Scheme.

EQUITY-LINKED AGREEMENT *(Continued)*

Share Option Scheme *(Continued)*

During the period, 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 interim report.

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

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

So far as was known to the Directors and chief executives, on 30 June 2023, the following persons, other than a Director or chief executives, 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:

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES OF THE COMPANY *(Continued)*

Ordinary Shares of the Company

Name of Shareholders	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)	70.0%
(ii) Guangdong Provincial Port and Shipping Group Company Limited ("GDPS") *(Note 3)*	Interest of controlled corporation	784,817,520 (L)	70.0%

Notes:

1. The letter "L" denotes a 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 30 June 2023.

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

Save as disclosed above, on 30 June 2023, the Directors and chief executives 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.

INTERIM DIVIDEND

As Hong Kong's economy and tourist arrivals have not yet reached the expected level after the epidemic and capital is reserved to address potential merger and acquisition opportunities, the Board decided not to declare an interim dividend for the year ending 31 December 2023 (2022 interim dividend: HK0 cent per ordinary share). Declaration on the final dividend will be subject to an integrated consideration.

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee and the Company's independent auditor have reviewed the Group's unaudited consolidated interim financial information for the six months ended 30 June 2023.

Interim financial results of the Group for the six months ended 30 June 2023 have not been audited but prepared in accordance with HKAS 34 *Interim Financial Reporting* and reviewed by the independent external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

CORPORATE GOVERNANCE

The Directors have adopted various policies to ensure compliance with the code of the Corporate Governance Code (the "Corporate Governance Code") under Appendix 14 of the Listing Rules. In the opinion of the directors, the Company complied with the Corporate Governance Code throughout the accounting period covered by the interim report except as disclosed below.

According to the provisions of the Code, a service term of over nine years is one of the key factors in maintaining 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 year of service with the Company, Mr. Chan, Ms. Yau and Mr. Chow have contributed by providing objective and independent viewpoints and advice to the Company through their in-depth understanding in the Company's operation and business 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 Corporate Governance Code 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.

CORPORATE GOVERNANCE *(Continued)*

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 been re-appointed by a separate resolution of the Shareholders at the said meeting. Mr. Chan and Mr. Chow retired on rotation at the annual general meeting held on 21 June 2023, and being eligible, offered themselves for re-election at the said meeting. Mr. Chan and Mr. Chow had been 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 has been appointed as a new independent non-executive Director by a separate resolution of the Shareholders at the annual general meeting held on 21 June 2023 in accordance with Article 84 of the articles of association of the Company.

DIRECTORS

Save as disclosed above, the Company is not aware of any change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since 31 December 2022.

As at the date of this interim report, the executive Directors are Mr. Liu Guanghui, Mr. Zhou Jun and Mr. Liu Wuwei; non-executive Director is Ms. Zhong Yan; and independent non-executive Directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Hon. Rock Chen Chung-nin.

By Order of the Board
Zhou Jun
Managing Director

Hong Kong, 23 August 2023

KPMG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF
CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 32 to 71 which comprises the consolidated statement of financial position of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") as of 30 June 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

23 August 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Note	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,995,927**	2,068,788
Investment properties		**44,326**	46,348
Land use rights		**316,551**	340,137
Intangible assets		**232,568**	234,603
Investments in joint ventures		**297,953**	306,885
Investments in associates		**105,595**	98,388
Deferred income tax assets		**7,675**	8,102
Other non-current assets		**15,001**	15,974
		3,015,596	3,119,225
Current assets			
Inventories and spare parts		**23,109**	22,301
Trade and other receivables	8	**482,775**	364,681
Bank deposits and cash and cash equivalents		**1,053,079**	1,063,573
		1,558,963	1,450,555
Total assets		**4,574,559**	4,569,780
EQUITY			
Share capital	9	**1,415,118**	1,415,118
Reserves		**1,679,327**	1,753,379
		3,094,445	3,168,497
Non-controlling interests		**313,112**	326,810
Total equity		**3,407,557**	3,495,307

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Note	**As at 30 June 2023 HK$'000**	As at 31 December 2022 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**92,836**	92,687
Deferred income		**736**	1,799
Lease liabilities		**37,207**	43,656
Long term borrowings	10	**135,521**	148,701
		266,300	286,843
Current liabilities			
Trade payables, accruals and other payables	11	**520,399**	469,542
Dividend payable		**67,270**	–
Amounts due to the non-controlling interests	12	**40,360**	43,518
Income tax payables		**14,283**	7,808
Lease liabilities		**26,720**	29,108
Short-term borrowings	10	**220,000**	220,000
Current portion of long-term borrowings	10	**11,670**	17,654
		900,702	787,630
Total liabilities		**1,167,002**	1,074,473
Total equity and liabilities		**4,574,559**	4,569,780
Net current assets		**658,261**	662,925
Total assets less current liabilities		**3,673,857**	3,782,150

The notes on pages 41 to 71 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Revenue	6	**1,233,130**	1,601,198
Cost of sales/services rendered		**(1,110,623)**	(1,479,246)
Gross profit		**122,507**	121,952
Other income	13	**92,912**	131,725
Other losses – net	13	**(891)**	(7,126)
General and administrative expenses		**(149,097)**	(146,706)
Operating profit		**65,431**	99,845
Finance income		**8,630**	5,693
Finance cost		**(12,065)**	(8,815)
Share of profits less losses of:			
– Joint ventures	15	**5,011**	(6,888)
– Associates	15	**9,743**	(8,014)
Profit before income tax		**76,750**	81,821
Income tax expense	16	**(14,455)**	(20,131)
Profit for the period		**62,295**	61,690
Attributable to:			
Equity holders of the Company		**58,387**	54,944
Non-controlling interests		**3,908**	6,746
Profit for the period		**62,295**	61,690
Earnings per share (HK cents)			
Basic	18	**5.21**	4.90
Diluted	18	**5.21**	4.90

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Profit for the period	**62,295**	61,690
Other comprehensive income for the period:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Currency translation differences:		
– Subsidiaries	**(56,555)**	(66,131)
– Joint ventures and associates	**(11,783)**	(17,873)
Other comprehensive income for the period, net of tax and reclassification effect	**(68,338)**	(84,004)
Total comprehensive income for the period	**(6,043)**	(22,314)
Attributable to:		
Equity holders of the Company	**(5,422)**	(23,155)
Non-controlling interests	**(621)**	841
Total comprehensive income for the period	**(6,043)**	(22,314)

The notes on pages 41 to 71 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Share capital HK$'000	Exchange reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Statutory reserves HK$'000	Merger reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	1,415,118	113,791	23,009	167,717	(65)	112,969	(871,425)	2,269,309	3,230,423	320,771	3,551,194
Profit for the period	–	–	–	–	–	–	–	54,944	54,944	6,746	61,690
Other comprehensive income:											
Currency translation differences											
– Subsidiaries	–	(61,394)	–	–	–	–	–	–	(61,394)	(4,737)	(66,131)
– Joint ventures and associates	–	(16,705)	–	–	–	–	–	–	(16,705)	(1,168)	(17,873)
Transfer of reserves	–	–	–	–	–	151	–	(151)	–	–	–
Total comprehensive income for the period	–	(78,099)	–	–	–	151	–	54,793	(23,155)	841	(22,314)
2022 final dividend	–	–	–	–	–	–	–	(22,423)	(22,423)	–	(22,423)
At 31 December 2022	1,415,118	35,692	23,009	167,717	(65)	113,120	(871,425)	2,301,679	3,184,845	321,612	3,506,457

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2023 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Share capital HK$'000	Exchange reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Statutory reserves HK$'000	Merger reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2022	1,415,118	35,692	23,009	167,717	(65)	113,120	(871,425)	2,301,679	3,184,845	321,612	3,506,457
Profit for the period	–	–	–	–	–	–	–	38,546	38,546	7,789	46,335
Other comprehensive income:											
Currency translation differences											
– Subsidiaries	–	(42,939)	–	–	–	–	–	–	(42,939)	(1,491)	(44,430)
– Joint ventures and associates	–	(13,204)	–	–	–	–	–	–	(13,204)	(1,100)	(14,304)
Fair value change on financial asset	–	–	–	–	1,249	–	–	–	1,249	–	1,249
Transfer of reserves	–	–	–	–	–	5,084	–	(5,084)	–	–	–
Total comprehensive income for the period	–	(56,143)	–	–	1,249	5,084	–	33,462	(16,348)	5,198	(11,150)
At 31 December 2022	1,415,118	(20,451)	23,009	167,717	1,184	118,204	(871,425)	2,335,141	3,168,497	326,810	3,495,307

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2023 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Share capital HK$'000	Exchange reserve HK$'000	Revaluation reserve HK$'000	Capital reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Statutory reserves HK$'000	Merger reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	1,415,118	(20,451)	23,009	167,717	1,184	118,204	(871,425)	2,335,141	3,168,497	326,810	3,495,307
Profit for the period	-	-	-	-	-	-	-	58,387	58,387	3,908	62,295
Other comprehensive income:											
Currency translation differences											
– Subsidiaries	-	(52,789)	-	-	-	-	-	-	(52,789)	(3,766)	(56,555)
– Joint ventures and associates	-	(11,020)	-	-	-	-	-	-	(11,020)	(763)	(11,783)
Transfer of reserves	-	-	-	-	-	45	-	(45)	-	-	-
Total comprehensive income for the period	-	(63,809)	-	-	-	45	-	58,342	(5,422)	(621)	(6,043)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(1,360)	(1,360)	(13,077)	(14,437)
2022 final dividend	-	-	-	-	-	-	-	(44,847)	(44,847)	-	(44,847)
2022 special dividend	-	-	-	-	-	-	-	(22,423)	(22,423)	-	(22,423)
At 30 June 2023	1,415,118	(84,260)	23,009	167,717	1,184	118,249	(871,245)	2,324,853	3,094,445	313,112	3,407,557

The notes on pages 41 to 71 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Cash flows from operating activities			
Profit before income tax		**76,750**	81,821
Adjustments for:			
Gain on disposals of interest in a joint venture	13	**(2,227)**	–
Gains on disposals of property, plant and equipment	13	**(270)**	(940)
Share of (profit)/loss of joint ventures and associates	15	**(14,754)**	14,902
Others		**81,991**	83,355
Changes in working capital:			
Increase in inventories and spare parts		**(808)**	(3,225)
Increase in trade and other receivables		**(118,185)**	(165,943)
Increase in trade payables, accruals and other payables		**64,963**	126,516
Cash generated from operations		**87,460**	136,486
Income tax paid		**(7,404)**	(8,975)
Net cash generated from operating activities		**80,056**	127,511
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		**(22,428)**	(72,176)
Proceeds from disposals of property, plant and equipment		**381**	2,046
Increase in bank deposits with more than three months to maturity		**(31,907)**	–
Receipt of loan repayment from a joint venture		**–**	1,223
Cash receipt from disposals of interest in a joint venture		**4,804**	–
Cash flows from other investing activities		**8,630**	5,693
Net cash used in investing activities		**(40,520)**	(63,214)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

At 30 June 2023 – unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Cash flows from financing activities			
Dividends paid	17	**–**	(22,423)
Repayment of bank loans		**(14,206)**	(6,289)
Repayment of amounts due to the non-controlling interests		**(3,158)**	–
Payment for acquisition of additional interests in subsidiaries		**(14,437)**	–
Cash flows from other financing activities		**(28,798)**	(24,842)
Net cash used in financing activities		**(60,599)**	(53,554)
Net (decrease)/increase in cash and cash equivalents		**(21,063)**	10,743
Cash and cash equivalents at the beginning of the period		**1,032,375**	1,045,089
Effect of exchange rate changes		**(21,338)**	(17,569)
Cash and cash equivalents at the end of the period		**989,974**	1,038,263

The notes on pages 41 to 71 form part of this interim financial report.

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; and cargo transportation, warehousing and storage businesses; 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.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 23 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

2 BASIS OF PREPARATION *(Continued)*

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 30 to 31.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

2 BASIS OF PREPARATION *(Continued)*

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3 CHANGE IN ACCOUNTING POLICIES

(a) New and amended HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

3 CHANGE IN ACCOUNTING POLICIES *(Continued)*

(a) New and amended HKFRSs *(Continued)*

Amendments to HKAS 12, Income taxes: *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments do not have a material impact on these financial statements as the change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

3 CHANGE IN ACCOUNTING POLICIES *(Continued)*

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

3 CHANGE IN ACCOUNTING POLICIES *(Continued)*

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism *(Continued)*

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the above-mentioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's operating and financing activities expose it to a variety of financial risks, namely, market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in risk management policies since last year end.

(b) Fair value estimation

The carrying values less impairment provision (if applicable) of financial assets (including cash and cash equivalents) and financial liabilities approximate to their fair values due to their short maturities. 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2022.

6 SEGMENT INFORMATION

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 transshipment and container hauling and trucking

(ii) Cargo handling and storage – Wharf cargo handling, cargo and container consolidation and godown storage

(iii) Passenger transportation – Passenger transportation agency services, travel agency operation and passenger carrier service and provision of ferry services and charter hire of vessels services

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

(v) Corporate and other businesses - Investment holding, ferry terminal management services and other business

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 interim financial information.

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 unaudited consolidated income statement.

6 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
Six months ended 30 June 2023						
Total revenue	782,692	283,895	167,381	229,558	35,561	1,499,087
Inter-segment revenue	(58,553)	(110,870)	–	(66,273)	(30,261)	(265,957)
Revenue (from external customers)	724,139	173,025	167,381	163,285	5,300	1,233,130
Segment profit before income tax expense	7,175	36,500	18,732	2,468	11,875	76,750
Income tax expense	(722)	(10,504)	(1,784)	–	(1,445)	(14,455)
Segment profit after income tax expense	6,453	25,996	16,948	2,468	10,430	62,295
Segment profit before income tax expense includes:						
Finance income	111	2,041	55	4	6,419	8,630
Finance cost	(139)	(7,910)	(2,147)	(6)	(1,863)	(12,065)
Depreciation and amortisation	(4,342)	(55,191)	(16,227)	(978)	(2,790)	(79,528)
Share of profits less losses of:						
Joint ventures	615	3,191	1,205	–	–	5,011
Associates	–	2,102	7,641	–	–	9,743

6 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
Six months ended 30 June 2022						
Total revenue	1,289,296	332,457	114,013	139,669	18,249	1,893,684
Inter-segment revenue	(75,344)	(125,769)	–	(81,699)	(9,674)	(292,486)
Revenue (from external customers)	1,213,952	206,688	114,013	57,970	8,575	1,601,198
Segment profit before income tax expense	39,305	46,547	(9,869)	(1,072)	6,910	81,821
Income tax expense	(6,494)	(9,316)	528	–	(4,849)	(20,131)
Segment profit after income tax expense	32,811	37,231	(9,341)	(1,072)	2,061	61,690
Segment profit before income tax expense includes:						
Finance income	79	8	50	4	5,552	5,693
Finance cost	(431)	(5,708)	(1,595)	(3)	(1,078)	(8,815)
Depreciation and amortisation	(3,944)	(58,017)	(15,578)	(821)	(2,392)	(80,752)
Share of profits less losses of:						
Joint ventures	1,701	1,564	(10,153)	–	–	(6,888)
Associates	–	1,526	(9,540)	–	–	(8,014)

7 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

(a) Right-of-use assets

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for use of operation site, staff quarter and machinery, and therefore recognised the additions to right-of-use assets of HK$5,870,000 (six months ended 30 June 2022: HK$459,000).

(b) Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a cost of HK$22,428,000 (six months ended 30 June 2022: HK$72,176,000).

Items with aggregated net book value of HK$111,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: HK$1,106,000), resulting in a gain on disposal of HK$270,000 (six months ended 30 June 2022: HK$940,000).

Cost adjustment of HK$5,401,000 was credited to property, plant and equipment during the six months ended 30 June 2023 which represents the revision of the construction cost of properties completed in prior year (six months ended 30 June 2022: Nil).

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Trade receivables:		
– third parties	**266,189**	192,984
– fellow subsidiaries	**17,734**	13,993
– joint ventures and an associate	**3,740**	–
– other related companies	**14,254**	11,598
Trade receivables, net (note (a)):	**301,917**	218,575
Other receivables:		
– third parties	**99,767**	80,221
– immediate holding company (note (b))	**34,010**	20,558
– fellow subsidiaries (note (b))	**19,664**	21,025
– joint ventures and associates (note (b))	**27,417**	24,302
	180,858	146,106
Total trade and other receivables	**482,775**	364,681

8 TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

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

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Within 3 months	**245,513**	179,417
4 to 6 months	**29,027**	12,031
7 to 12 months	**12,359**	11,161
Over 12 months	**23,143**	24,047
	310,042	226,656
Less: loss allowance	**(8,125)**	(8,081)
	301,917	218,575

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

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

(c) The carrying amount of trade and other receivables approximate their fair values.

9 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Numbers of shares ('000)	**Share capital** HK$'000
At 30 June 2023 and 31 December 2022	**1,121,167**	1,415,118

10 BORROWINGS

	As at 30 June 2023 **HK$'000**	As at 31 December 2022 HK$'000
Fixed rate borrowings:		
Secured, bank loans	**92,148**	106,325
Variable rate borrowings:		
Unsecured, bank loans	**220,000**	220,000
Secured, bank loans	**55,043**	60,030
	367,191	386,355
Less: current portion	**(231,670)**	(237,654)
	135,521	148,701

10 BORROWINGS *(Continued)*

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Repayable within 1 year	**231,670**	237,654
Repayable within 1 to 2 years	**17,104**	17,653
Repayable within 2 to 5 years	**75,174**	71,712
Repayable more than 5 years	**43,243**	59,336
	367,191	386,355
Current portion included in current liabilities	**(231,670)**	(237,654)
	135,521	148,701

The secured bank loans at 30 June 2023 were secured by certain land use rights, investment properties and property, plant and equipment of the Group with net book value amounting to HK$125,766,000, HK$39,291,000 and HK$130,276,000 respectively. The secured bank loans are denominated in Renminbi ("RMB"), and interest-bearing at the base lending rate announced by the People's Bank of China ("PBOC").

At 30 June 2023, bank loans of HK$220,000,000 are interest-bearing at rates ranging from 0.65% to 0.8% over Hong Kong Interbank Offered Rate ("HIBOR"). At 30 June 2023, bank loan of HK$55,043,000 is interest-bearing at a rate of Loan Prime Rate ("LPR") minus 0.5%. At 30 June 2023, bank loans of HK$92,148,000 are interest bearing at a fixed rate of 4.38%.

At 31 December 2022, bank loans of HK$220,000,000 were interest-bearing at rates ranging from 0.65% to 0.8% over HIBOR. At 31 December 2022, bank loan of HK$60,030,000 was interest-bearing at a rate of LPR minus 0.5%. At 31 December 2022, bank loans of HK$106,325,000 were interest bearing at a fixed rate of 4.38%.

11 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Trade payables (notes (a) and (b)):		
– third parties	**275,261**	207,727
– immediate holding company	**13,856**	10,112
– fellow subsidiaries	**18,018**	24,189
– joint ventures and associates	**8,707**	3,687
– other related companies	**2,010**	1,896
	317,852	247,611
Accruals and other payables:		
– third parties	**163,532**	192,994
– immediate holding company (note (b))	**19,639**	9,208
– fellow subsidiaries (note (b))	**7,589**	5,263
– joint ventures and associates (note (b))	**486**	109
Contract liabilities	**11,301**	14,357
	202,547	221,931
	520,399	469,542

11 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Notes:

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

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Within 3 months	**273,280**	208,301
4 to 6 months	**31,618**	22,682
7 to 12 months	**10,002**	7,119
Over 12 months	**2,952**	9,509
	317,852	247,611

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

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

12 AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Unsecured loans		
– at floating rates (note (a))	**–**	3,158
– interest-free (note (b))	**40,360**	40,360
	40,360	43,518

12 AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS *(Continued)*

Notes:

(a) The amounts as at 31 December 2022 were denominated in RMB, unsecured and interest-bearing at the base lending rate announced by the PBOC and repayable on demand.

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

13 OTHER INCOME

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Management fee income from Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	**20,000**	20,000
Property rental income	**9,855**	13,140
Government grants and subsidies	**56,352**	88,434
Others	**6,705**	10,151
	92,912	131,725

13 OTHER LOSSES – NET

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Exchange losses, net	**(3,297)**	(8,079)
Gain on disposals of interest in a joint venture	**2,227**	–
Gains on disposals of property, plant and equipment (note 7(b))	**270**	940
(Provision for)/reversal of loss allowance of trade receivables, net	**(91)**	13
	(891)	(7,126)

14 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Amortisation of land use rights	**6,853**	5,876
Amortisation of intangible assets	**910**	978
Depreciation of property, plant and equipment	**56,215**	58,066
Depreciation of investment properties	**579**	624
Depreciation of right-of-use assets	**14,971**	15,208
Lease payments for short-term leases		
– vessels and barges	**72,221**	76,829
– buildings	**4,186**	4,245
Staff costs (including directors' emoluments)	**289,182**	289,632

15 SHARE OF PROFITS LESS LOSSES OF JOINT VENTURES AND ASSOCIATES

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Share of profits less losses before income tax of		
– joint ventures	**6,368**	(5,538)
– associates	**10,215**	(7,501)
	16,583	(13,039)
Share of income tax of		
– joint ventures	**(1,357)**	(1,350)
– associates	**(472)**	(513)
	(1,829)	(1,863)
	14,754	(14,902)

16 INCOME TAX EXPENSE

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Current income tax		
– Hong Kong profits tax	**5,092**	9,772
– PRC corporate income tax	**8,407**	10,905
– Macau profits tax	**380**	–
Deferred income tax expense	**576**	(546)
	14,455	20,131

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period. PRC corporate income tax has been calculated on the estimated assessable profit of the PRC entities for the period at the income tax rate of 25% (2022: 25%). Macao profits tax has been provided at the rate of 12% (2022: 12%) on the estimated assessable profit of the Macao entities for the period.

17 DIVIDENDS

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Final dividend payable for 2022 of HK4 cents (2021: HK2 cents for 2021) per ordinary share	**44,847**	22,423
Special dividend payable for 2022 of HK2 cents (2021: nil) per ordinary share	**22,423**	–

At the board meeting held on 23 March 2023, the directors proposed a final dividend of HK4 cents per ordinary share and a special dividend of HK2 cents per ordinary share for the year ended 31 December 2022. Such proposal was subsequently approved by shareholders on 21 June 2023. The aggregate amount of the dividends was HK$67,270,000 (2022: HK$22,423,000).

18 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 period.

	Six months ended 30 June 2023	Six months ended 30 June 2022
Profit attributable to equity holders of the Company (HK$'000)	**58,387**	54,944
Weighted average number of ordinary shares in issue ('000)	**1,121,167**	1,121,167
Basic earnings per share (HK cents)	**5.21**	4.90

The amount of dilutive earnings per share is the same as basic earnings per share for the six months ended 30 June 2023 and 2022 as there were no dilutive potential ordinary shares in issue.

19 ACQUISITIONS OF SUBSIDIARIES

During the period, the Group acquired 25% equity interest of Chu Kong (Guangdong) International Freight Forwarding Co., Ltd. ("CKIFF") from Guangdong Provincial Port & Shipping Group Company Limited ("GDPS"), the Company's ultimate holding company, at a consideration of RMB12,897,000. At the same time, CKIFF acquired 10% equity interest of Chu Kong (Guangdong) International Shipping Agency Co., Ltd. ("CKISA") from Guangdong Chu Kong Shipping Co., Ltd., the Company's fellow subsidiary, at a consideration of RMB443,000. These have been treated as equity transactions. Subsequent to the acquisitions, CKIFF became a direct wholly-owned subsidiary of the Company, and CKISA became an indirect wholly-owned subsidiary of the Company.

20 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report

	As at 30 June 2023 HK$'000	As at 31 December 2022 HK$'000
Property, plant and equipment:		
Contracted but not provided for	**3,609**	9,901

21 RELATED PARTY TRANSACTIONS

The directors of the Company regard CKSE as the immediate holding company, which owns 70% (31 December 2022: 70%) of the Company's ordinary shares at 30 June 2023. The ultimate holding company of the Group is 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.

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, jointly control or exercise significant influence and key management personnel of the Company and GDPS as well as their close family members.

For the six months ended 30 June 2023 and 2022, 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 this unaudited condensed consolidated financial information, 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 six months ended 30 June 2023 and 2022.

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– joint ventures and an associate		**1,158**	2,080
– other related companies		**119**	248
Passenger transportation agency fees	(i)		
– fellow subsidiaries		**545**	–
– joint ventures and an associate		**3,775**	–
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		**228**	–
– joint ventures and an associate		**2,086**	–
Sub-baggage handling services fees	(i)		
– a related company		**447**	19
Management service fees	(ii)		
– immediate holding company		**20,000**	20,000
Staff management service fees	(iii)		
– joint ventures		**3,726**	5,253
– a related company		**132**	132

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Revenues: *(Continued)*			
Vessel rental income	(i)		
– a joint venture		**1,976**	2,372
– a related company		**1,478**	1,370
Interest income	(iv)		
– a joint venture		**–**	22
Fuel supply income	(i)		
– fellow subsidiaries		**12,706**	7,768
– joint ventures and associates		**17,466**	–
– other related companies		**30,613**	–
Marine bunkering service fees	(i)		
– fellow subsidiaries		**106**	204
– other related companies		**753**	90
Consulting and software service	(iii)		
– a fellow subsidiary		**278**	294
– joint ventures and associates		**308**	221
– other related companies		**48**	–

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Revenues: *(Continued)*			
Agency fee income	(i)		
– fellow subsidiaries		**138**	77
– a joint venture and an associate		**197**	9
– other related companies		**452**	68
Repairing and maintenance service	(i)		
– fellow subsidiaries		**47**	12
– other related companies		**269**	72
Expenses:			
Shipping agency, river trade cargo direct shipment and transhipment expenses	(i)		
– a joint venture and an associate		**1,458**	2,759
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– a fellow subsidiary		**18,848**	–
– joint ventures and an associate		**4,218**	22,367
– a related company		**3,538**	8,512
Luggage handling fee	(v)		
– a related company		**677**	–

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

	Note	**Six months ended 30 June 2023 HK$'000**	Six months ended 30 June 2022 HK$'000
Expenses: *(Continued)*			
Vessel rental expenses	(i)		
– a joint venture		**12,363**	20,756
– a fellow subsidiary		**3,117**	3,700
Warehouse rental expenses	(vi)		
– immediate holding company		**2,083**	2,500
Office rental expenses	(i)		
– immediate holding company		**3,864**	3,917
– fellow subsidiaries		**444**	879
Staff quarter rental expenses	(i)		
– immediate holding company		**1,199**	1,235
Loan interest expenses	(vii)		
– non-controlling interests		**21**	136
Property management fee expense	(iii)		
– a fellow subsidiary		**343**	312
IT management fee expense	(viii)		
– immediate holding company		**600**	1,474
Repair and maintenance expenses	(i)		
– a fellow subsidiary		**5,095**	4,893

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

Notes:

(i) These transactions were conducted at terms pursuant to agreements as entered into between the Group and the respective related parties or as mutually agreed between the Group and the respective related parties.

(ii) Management fee 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 31 December of each year, whichever is higher, but the amount shall not exceed HK$30,000,000.

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

(iv) For six months ended 30 June 2022, interests were charged to a joint venture in respect of loan at the base lending rate announced by the PBOC pursuant to the agreement entered into between the Group and joint venture.

(v) Luggage handling fee was charged from HK$0.84 to HK$2.2 per item of luggage at China Ferry Terminal, Tsim Sha Tsui by an associate of the immediate holding company as set out in the respective agreement governing these transactions.

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

(vii) Loan interest was charged by the non-controlling interests in respect of loans bearing interest at the base lending rate announced by the PBOC (2022: base lending rate announced by the PBOC).

(viii) Management fee was charged at HK$100,000 per month (2022: HK$245,628) for IT services provided by CKSE as set out in the agreement governing the transaction.

21 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

	Six months ended 30 June 2023 HK$'000	Six months ended 30 June 2022 HK$'000
Salaries and allowances	**3,377**	2,993
Directors' fees	**410**	720
Retirement benefit scheme contributions	**45**	45
Housing benefit	**303**	301
	4,135	4,059

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 Chan 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 Chan 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
Accounting and 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

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