



CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 00560



**Strategising Quality
Developments**
**Conquering New
Frontiers**

INTERIM REPORT 2024

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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 2024 to the shareholders of the Company (the **"Shareholders"**) for their review.

REVIEW

In the first half of 2024, the economic division and supply chain reorganisation caused by geopolitical conflicts continued to exist, increasing the difficulty of post-pandemic global economic recovery and limiting the recovery speed of global goods trade. The Group concentrated on overcoming difficulties and rapidly expanded its presence in the terminal navigation logistics business, achieving a significant increase in break bulk cargoes transportation volume. With the rise in the number of visitors to Hong Kong and the optimisation of routes and flights, the cross-border passenger transportation business maintained a growth trend in passenger volume. Influenced by the increasingly comprehensive three-dimensional transportation network in the Guangdong-Hong Kong-Macao Greater Bay Area, the pressure on the sustainability of Guangdong-Hong Kong waterway passenger transportation business was evident, and consequently the market had not yet recovered to pre-pandemic levels. The local ferry business in Hong Kong also experienced a decline in passenger volume because of the trend of the consumption boom of Hong Kong residents "tripping north".

Facing diverse risks from the external environment and the challenges of transforming and upgrading its traditional businesses, the Group anchored its development goals and went all out to overcome difficulties, seeking to "open up new prospects, pursue development and promote transformation". By optimising the logistics network layout, and promoting the integration of river terminal resources, the Group continuously improves the operating efficiency of the terminal logistics business. By majorising the passenger transportation routes, the Group further enhances the intensification level of passenger transportation terminals. The Group steadily advanced multiple key projects in the first half of the year, driving sustainable positive development in multi-faceted operations.

CHAIRMAN'S STATEMENT *(Continued)*

Adopted multiple measures simultaneously to promote the steady development of the logistics business. The Group is committed to optimising the structure of traditional businesses and promoting the transformation and upgrading of the navigation logistics business. Chu Kong Transshipment & Logistics Company Limited ("**CKTL**") accelerated its transformation and upgrading, deepened cooperation with large engineering project companies. It orderly advanced the Hong Kong International Airport construction material supply project that has been awarded, and proactively expanded new business in the Southeast Asian market. At the same time, CKTL actively responded to environmental protection calls, practicing the concept of green shipping. It has fully deployed 10 liquefied natural gas ("**LNG**") multipurpose vessels currently, contributing to the goals of carbon peak and carbon neutrality. The Group also continuously revitalised terminal resources, diversified new cargo sources expansion, and created several specialised terminals such as break bulk cargoes handling for bulk building materials, thereby promoting new burgeoning of the Group through operational effectiveness.

Integrated and optimised to stimulate the vitality of waterway passenger transportation. The Group reasonably coordinated internal transportation routes and managed the integrated passenger transportation platform, with the passenger volume of cross-border routes continuing to recover. Chu Kong Passenger Transport Company Limited ("**CKPT**") effectively seized revenue-generating opportunities during the peak passenger holidays to maximise output efficiency. Oriental Pearl Cruise Company Limited ("**Oriental Pearl**") vigorously expanded its charter and high-end tourism business, striving to enhance customer experience and successfully reaching a profit turning point. Additionally, the Group's fuel supply business also achieved favorable results. Sun Kong Petroleum Company Limited ("**Sun Kong Petroleum**") continues to perform well in the marine oil bunkering services for the HKSAR Government, with the business level being highly recognised by the HKSAR Government. The Group continued to coordinate route resources, promoted the synergetic development of passenger transportation ancillary businesses, created a new business card for water cultural tourism, and shaped a new corporate image with high-quality brands.

CHAIRMAN'S STATEMENT *(Continued)*

OUTLOOK

In the second half of the year, the Group will actively respond to the multiple difficulties and challenges brought about by changes in the macro situation and market environment. We will firmly seize the strategic development opportunities at the national and regional levels, as well as adhere to the annual work principle of "innovation-driven, deepening reform, optimising layout, and building a new landscape". We will maximise the full potential of our existing resources, pursue breakthrough growth in our business volume, and vigorously optimise the main business structure. We will activate new productivity drivers, continuously expand projects to scale up, promote high-quality development of the Group, and achieve overall transformation and upgrading.

Firstly, the Group will maintain focus on the construction logistics market and strengthen its strategic layout in Hong Kong. The Group will intensify research on the latest policies and plans of the HKSAR government, and closely monitor the construction and planning progress of mega projects such as the construction projects at the Hong Kong International Airport and the Northern Metropolis. We will explore ways to improve the network layout of the construction logistics business through mergers and acquisitions so as to elevate its competitiveness and influence in the construction logistics market. In addition, the Group will enhance resource aggregation and allocation capabilities, gradually build full-process supply chain service capabilities, and aim to transform and upgrade into a comprehensive integrated logistics service provider.

Secondly, the Group will actively pursue investment opportunities overseas and reinforce the strategic layout of "Going Out". The Group will optimise the utilisation of its existing overseas network, and actively seek investment prospects in overseas passenger and freight transportation. We will expedite the layout development of the overseas logistics network and explore establishing additional networks in places like Indonesia and Thailand. Moreover, the Group will seize the business opportunities arising from manufacturing relocation and consider entering markets such as new energy vehicle logistics and transportation, while simultaneously enhancing entire logistics service chain capabilities. Leveraging its network as the role of the "window" in the Southeast Asian market, the Group will proactively explore markets along the "Belt and Road" initiative.

CHAIRMAN'S STATEMENT *(Continued)*

Thirdly, the Group will improve the quality of cross-border passenger transportation services and optimise the integrated operations of cross-border passenger transportation. The Group will deepen the overall management and control capabilities of passenger transportation terminals including their production elements, and gradually improve the conversion rate of the "Cross-border+" passenger transportation product system through reasonable planning of route layout. We will explore and promote the operation of "One Control Center, Multiple Terminal Operation Points" model, to further compress operational costs and improve operational efficiency. Furthermore, the Group will also through multi-ways give impetus to increase the entry and exit channels at the SkyPier Terminal at the Hong Kong International Airport, and open new potential cross-border passenger transportation routes, in light of comprehensively improving the intensification level of the passenger transportation business segment.

Fourthly, the Group will enhance the value of cultural tourism brands and strengthen competitiveness in Hong Kong local market. The Group will adhere to deepening its excellent image of safe operations and further expand its market share. The Group will reinforce the efficiency of ship resource utilisation to integrate and augment the revenue streams of existing local ferry business. The Group will persistently delve into the potential within the Victoria Harbor cultural tourism market, foster a synergistic relationship between cross-border passenger transportation and the Hong Kong cultural tourism industry, and enhance the popularity and reputation of the water cultural tourism business.



CHAIRMAN'S STATEMENT *(Continued)*

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, 26 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the period ended 30 June 2024, the Group recorded consolidated revenue of HK\$1,388,711,000, representing an increase of 12.6% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK\$67,115,000, representing an increase of 14.9% over the same period last year.

In the first half of 2024, international market demand continued to slow down, investment activities remained sluggish, trade activities recovered slowly, and various objective factors restricted the recovery speed of global goods trade. In 2023, Hong Kong's container throughput fell out of the top ten in the world for the first time, and it further declined year-on-year in the first half of 2024. Facing multiple challenges, the Group continued to promote corporate reforms, focused on work implementation, and seized the Guangdong-Hong Kong-Macao Greater Bay Area and overseas markets, striving for high-quality development of the Group.

Regarding the cargo transportation business, the transportation and logistics industry in Hong Kong remained sluggish, the Group's terminal navigation logistics business was under significant pressure during the period, while the Group successfully maintained stable business volume by vigorously exploring new businesses. During the period, the container transportation volume recorded 667,000 TEU, representing a year-on-year increase of 3.3%; the break bulk cargoes transportation volume recorded 614,000 tons, representing a year-on-year increase of 204.0%. As for the cargo handling business, the container handling volume recorded 494,000 TEU, representing a year-on-year decrease of 6.3%; the break bulk cargoes handling volume recorded 4,191,000 tons, representing a year-on-year increase of 30.1%; and the volume of container hauling and trucking recorded 92,000 TEU, representing a year-on-year increase of 2.2%.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

Regarding the passenger transportation business, the Group's traditional cross-border waterway passenger transportation business has been gradually recovering. The passenger flow has continued to increase through the optimisation and adjustment of routes and flights, meanwhile the Group successfully resumed the "Guangzhou Nansha-Hong Kong International Airport" route and launched the "Guangzhou Pazhou-Hong Kong Macao Ferry Terminal" route. Due to factors such as the growing trend of Hong Kong residents "tripping north", the local ferry business recorded a decline in business volume in the first half of the year. During the period, the total number of passengers for agency services amounted to 877,000, representing a year-on-year increase of 35.5%, and the number of passengers for terminal services amounted to 586,000, representing a year-on-year increase of 38.5%. The number of passengers for the local ferry service was 5,751,000, representing a year-on-year decrease of 9.2%.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

1. Cargo Transportation Business

Business Operation Indicators

Performance statistics of our major business operations are as follows:

Indicators	For the six months ended 30 June		
	2024	2023	Change
Container transportation volume (TEU)	667,000	646,000	3.3%
Break bulk cargoes transportation volume (revenue tons)	614,000	202,000	204.0%
Volume of container hauling and trucking on land (TEU)	92,000	90,000	2.2%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

I. TERMINAL NAVIGATION LOGISTICS BUSINESS (Continued)

1. Cargo Transportation Business (Continued)

Subsidiaries

In the first half of 2024, the transportation and logistics industry in Hong Kong continued to be sluggish, severely affecting the Group's freight business. CKTL actively optimised the traditional business structure, accelerated transformation and upgrading, and actively explored new businesses, successfully maintaining the stability of the container transportation business. In addition, driven by the construction logistics business, break bulk cargoes transportation volume increased significantly year-on-year. During the period, the container transportation volume recorded 667,000 TEU, representing a year-on-year increase of 3.3%. The break bulk cargoes transportation volume recorded 614,000 tons, representing a year-on-year increase of 204.0%. The volume of container hauling and trucking on land recorded 92,000 TEU, representing a year-on-year increase of 2.2%.

CKTL had actively strengthened the professional teams building, utilised accumulated corporate reputation and resources of terminal and barge, and improved logistics management level and operational efficiency. Eventually CKTL further developed construction logistics business and successfully promoted the supply project of filling materials used in the reconstruction of the north runway at the Hong Kong International Airport, as well as the supply project of backfilling and paving gravel for the third runway.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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:

Indicators	For the six months ended 30 June		
	2024	2023	Change
Container handling volume (TEU)	494,000	527,000	-6.3%
Volume of break bulk cargoes handled (revenue tons)	4,191,000	3,222,000	30.1%

Subsidiaries

During the period, affected by the continued weak market demand and the slow recovery of global trade activities, the Group's container handling volume declined. Driven by domestic trade business, the Group's break bulk cargoes volume increased significantly. Facing scores of adverse factors, each subsidiary changed its traditional business model, extended service chains, and promoted the transformation and development of ports into an integrated logistics service provider.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 86,000 TEU, representing a year-on-year decrease of 6.5%; the overall break bulk cargoes handling volume recorded 3,175,000 tons, representing a year-on-year increase of 46.1%. During the period, due to stricter inspections by local customs on recycled resources, the container handling volume of this category declined. Affected by international events such as the Russia-Ukraine conflict and the Red Sea crisis, international ocean freight fluctuated greatly and the container was in shortage, ceramics export business volume declined. During the period, Sihui Port successfully applied for the qualification of a temporary break bulk cargoes handling channel, leading to a significant increase in the break bulk cargoes handling volume. Kangzhou Port maintained its original business while focusing on developing new clients for sand and gravel. It further strengthened the building materials break bulk cargoes handling business and strived to create a specialised break bulk cargoes terminal for bulk building materials mainly based on sand and gravel.

During the period, the container handling volume at Gaoming Port of Foshan region recorded 118,000 TEU, representing a year-on-year decrease of 7.1%. Gaoming Port seized the opportunity of industrial transformation and upgrading in surrounding areas, actively adjusted the supply structure, and successfully introduced export business from customers with good development prospects such as machinery and home appliances. In addition, by leveraging the advantages of its logistics resources, including barges, trailer trucks, and freight forwarding services, it provided customers with one-stop logistics solutions, leading to the rapid development of integrated logistics business.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 47,000 TEU, representing a year-on-year decrease of 17.5%; the break bulk cargoes handling volume recorded 237,000 tons, representing a year-on-year increase of 17.9%. In April 2024, the northern Guangdong region was affected by extreme weather, leading to multiple closures of the Beijiang channel, resulting in a diversion of some cargo sources from Qingyuan Port to other terminals, causing a significant decline in container handling volume. Qingyuan Port actively communicated with customers and provided preferential policies to reduce the impact of competition from other terminals. The export business of foreign bulk cement trading developed well, driving significant growth in break bulk cargoes handling volume.

The overall container handling volume in the Zhuhai region recorded 97,000 TEU, representing a year-on-year decrease of 4.9%. During the period, the container handling volume at Doumen Port recorded 31,000 TEU, representing a year-on-year decrease of 3.1%. Through strengthening marketing efforts and fine-tuning customer management, Doumen Port successfully expanded new sources of goods. Civet Port achieved a container handling volume of 66,000 TEU, representing a year-on-year decrease of 5.7%. After the Hong Kong-Zhuhai-Macao Bridge fully resumed its customs clearance, more and more medium and large-sized enterprises chose road transportation for their import and export of goods, resulting in a decline in container handling volume at Civet Port. Civet Port actively introduced new warehousing customers and strived to increase the revenue from the storage business and e-commerce export business.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

I. TERMINAL NAVIGATION LOGISTICS BUSINESS (Continued)

2. Cargo Handling and Storage Business (Continued)

Subsidiaries (Continued)

Zhongshan region recorded 21,000 TEU, representing an increase of 5.0% year-on-year, while the break bulk cargoes handling volume recorded 431,000 tons, representing an increase of 47.6% year-on-year. Zhongshan Huangpu Port actively provided services to key customers, increased customer stickiness, ensured sufficient container supply for key customers, and achieved significant growth in export volume for major brand electrical appliance customers. Meanwhile it successfully developed several export customers in surrounding areas, resulting in the expansion of new sources of goods. Despite instability in break bulk cargoes volume in foreign trade, Zhongshan Huangpu Port actively developed domestic trade break bulk cargoes businesses such as cassava chips and bridge cement components, achieved significant growth in break bulk cargoes handling volume.

Impacted by the sluggish transportation and logistics industry in Hong Kong, the business volume in Hong Kong region decreased severely. The overall container handling volume recorded 125,000 TEU during the period, representing a year-on-year decrease of 2.3%; the overall break bulk cargoes handling volume recorded 274,000 tons, representing a year-on-year decrease of 36.0%. During the period, CKTL actively optimised the traditional business structure, fully utilised the berth resources of Tuen Mun Godown Wharf, diversified to develop new sources of goods, and aimed to build Tuen Mun Godown Wharf into a multifunctional terminal. During the period, CKTL successfully developed steel and new energy vehicle handling businesses, and formed a professional air freight logistics team to complete freight cargo import business from Brazil, Italy, Spain and other places. CKTL also recorded significant business volume growth in relation to the promotion of drone freight cargo export project to Thailand.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

I. TERMINAL NAVIGATION LOGISTICS BUSINESS (Continued)

2. Cargo Handling and Storage Business (Continued)

Joint Ventures and Associates

In the second quarter of 2024, frequent rainy days greatly affected the timber export business, leading to a decline in container handling volume at Sanbu Port. In terms of break bulk cargoes business, Sanbu Port stabilised the break bulk cargoes business volume for grain-and-food commodities from existing customers while continuing to explore the new businesses for break bulk cargoes of sand and gravel, feed, and coal, achieved differentiated competition with surrounding terminals and significantly increasing break bulk cargoes handling volume. Heshan Port continued to strengthen its marketing efforts for steel and coil customers, leading to a large amount of steel and coil goods being transferred to Heshan Port for handling, resulting in a significant increase in break bulk cargoes handling volume again. The volatile international situation caused a sharp increase in rice prices, gave rise to a significant decline in rice imports, together with tightened local customs supervision resulting in a significant drop in container handling volume at Beicun Port. While striving to optimise the customs clearance environment, Beicun Port allied with CKTL in reducing comprehensive logistics costs through resource integration, strengthening marketing efforts, and successfully undertaking large-scale engineering logistics businesses, including railway tracks components, municipal government's salvage ships, reclamation engineering steel pipes, and municipal government's pipeline materials, aiming to build a specialised terminal serving Hong Kong citizen's livelihood and municipal infrastructure engineering. Foshan New Port Ltd. ceased operations due to the expropriations of terminal land and buildings erected on the land. The company has completed liquidation and closure during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

II. PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

Performance statistics of our major business operations are as follows:

Indicators	For the six months ended 30 June		
	Number of Passengers (in thousands)		
	2024	2023	Change
The number of passengers for agency services	877	647	35.5%
The number of passengers for terminal services	586	423	38.5%
The number of passengers for local ferry transportation	5,751	6,333	-9.2%

Subsidiaries

The Group's operation of the cross-border waterway passenger route has gradually recovered. Even though the cross-border passenger transportation business of the Group in the first half of the year has 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 877,000, representing a significant increase of 35.5% year-on-year; the number of passengers for terminal services of CKPT amounted to 586,000, representing a significant increase of 38.5% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

II. PASSENGER TRANSPORTATION BUSINESS (Continued)

Subsidiaries (Continued)

Regarding urban routes, CKPT currently operates seven routes normally, including the six routes of Zhongshan, Nansha, Shekou, Shenzhen Airport, Shunde and Pazhou to China Ferry Terminal respectively, as well as a route of Pazhou to Hong Kong-Macao Ferry Terminal, which the number of passengers served during the period amounted to 559,000. Regarding airport routes, CKPT currently operates six routes normally, including Zhongshan, Shekou, Humen, Pazhou, Shenzhen Airport, and Nansha, which the number of passengers served during the period amounted to 318,000. 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 new media to continuously release promotional videos and held multiple live broadcasting events, successfully opening up channels for ticket sales and route promotions. CKPT continued to deepen its strategy for the Hong Kong International Airport, actively promoting the renewal of the operational management contract of the SkyPier, and successfully won the bid for the new phase of the passenger self-service check-in service project at the Hong Kong International Airport.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

II. PASSENGER TRANSPORTATION BUSINESS (Continued)

Subsidiaries (Continued)

Regarding local ferry services, due to the consumption boom of Hong Kong residents "tripping north" and adverse weather conditions, the Group's local ferry business recorded a total number of passengers of 5,751,000 during the period, representing a year-on-year decrease of 9.2%. During the period, Sun Ferry successfully received three new ferries and put them into operation, with five more new ferries to be received in the second half of the year. Meanwhile, efforts were made to ensure the smooth reception of new ferries and the disposal of old ones, ensuring stable daily operations. Sun Ferry will continue to improve the operating environment of terminals, exploring ways to increase non-ticket revenue through leasing terminal areas, installing solar panels and selling electricity, leasing advertising space, leasing ferries, and offering value-added services to passengers.

Regarding the water cultural tourism business, Oriental Pearl continued to optimise its services, achieving a significant increase in passenger flow. During the period, a cumulative passenger flow of 31,000 passengers was recorded, representing a significant increase of 47.6% year-on-year. Since 16 April 2024, Oriental Pearl has mainly operated at Central Pier No. 8, effectively enhancing brand awareness. It has also strengthened the development of charter and high-end tourism businesses, providing personalised services based on customer needs, and receiving positive market feedback.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

II. PASSENGER TRANSPORTATION BUSINESS (Continued)

Joint Ventures and Associates

During the period, benefiting from the further recovery of air traffic at the Hong Kong International Airport, the number of passengers at SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) amounted to 318,000, representing a year-on-year increase of 52.2%. The overall passenger volume of Hong Kong Passenger Shipping Co-op Co., Ltd. continued to grow, the passenger transportation volume of the urban routes and airport routes during the period was 311,000 and 51,000 respectively. The passenger transportation volume of Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. served for the urban routes during the period amounted to 83,000.

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 9,697,000 during the period, surpassing pre-pandemic levels for the same period.

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, Sun Kong Petroleum continued to expand new businesses and further enhanced market recognition. Sun Kong Petroleum achieved significant growth in the sales volume of diesel while the sales volume of engine oil decreased significantly due to intensified market competition. During the period, Sun Kong Petroleum recorded a diesel sales volume of 47,000 tons, representing an increase of 38.2% year-on-year, and an engine sales volume of 102,000 liters, representing a decrease of 75.2% year-on-year. Sun Kong Petroleum, on the one hand, successfully negotiated more favorable diesel prices with suppliers, fully leveraging its low-cost advantage to significantly increase diesel sales volumes to external customers of the Group, on the other hand, it continued to provide marine oil bunkering services to the government vessels of marine regions of police force, customs, and fire services, with the service level highly recognised by the HKSAR Government.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

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 an increase in revenue and profit compared with the same period last year, mainly attributed to obtaining a new phrase contract to the Sands Corporation Water Supply Pipeline Project, with a significant year-on-year increase in business volume in the project. Chu Ou Engineering will continue to leverage its technical advantages while solidifying its existing business foundation, closely monitor bidding projects from various government agencies and enterprises in Macao, actively explore new long-term stable projects, and enhance the sustainability of its profitability.

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

OTHER INFORMATION

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 2024, the Group secured total credit facilities of HK\$1,185,000,000 and RMB119,940,000 (equivalent to approximately HK\$131,412,000) (31 December 2023: HK\$1,186,650,000 and RMB122,815,000 (equivalent to approximately HK\$135,527,000)) granted by bona fide banks.

As at 30 June 2024, the current ratio of the Group, representing current assets divided by current liabilities, was 2.1 (31 December 2023: 1.9).

As at 30 June 2024, the Group's cash and cash equivalents amounted to HK\$963,975,000 (31 December 2023: HK\$1,038,838,000), which represented 21.4% (31 December 2023: 22.8%) of the total assets.

As at 30 June 2024, the gearing ratio of the Group, representing bank borrowings divided by total equity and bank borrowings, was 8.7% (31 December 2023: 8.8%) and the debt ratio, representing total liabilities divided by total assets, was 22.5% (31 December 2023: 23.1%).

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.

OTHER INFORMATION (Continued)

BANK LOANS AND PLEDGE OF ASSETS

	As at 30 June 2024	As at 31 December 2023
Bank Loans		
Banks located in Hong Kong (Note 1)		
– Hong Kong Dollar	200,000,000	200,000,000
Banks located in China (Note 2)		
– Renminbi	119,940,000 (equivalent to approximately HK\$131,412,000)	122,815,000 (equivalent to approximately HK\$135,527,000)

Note:

1. The loans from banks located in Hong Kong as at 30 June 2024 was bearing floating interest rate and unsecured.
2. The loans from banks located in China as at 30 June 2024 were bearing floating interest rates and secured by certain land use rights, investment properties and property, plant and equipment of the Group.
3. Detailed analysis on bank loans is set out in note 10 to the financial statements.

CURRENCY STRUCTURE

As at 30 June 2024, the Group deposited its cash and cash equivalents with several reputable banks, of which the majority were denominated in Hong Kong dollar, Renminbi and United States dollar, with a few denominated in Macao pataca and Euro.

OTHER INFORMATION *(Continued)*

CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 30 June 2024 were HK\$9,188,000 (31 December 2023: HK\$15,227,000).

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 2024.

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 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION

As at 30 June 2024, the Group employed 2,156 employees (30 June 2023: 2,207) 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 2024 amounted to HK\$282,487,000 (30 June 2023: HK\$289,182,000), 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.

OTHER INFORMATION *(Continued)*

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 C3 to the Listing Rules as its code of conduct of Directors for conducting securities transactions. All directors of the Company (the "**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 2024 interim report.

OTHER INFORMATION *(Continued)*

SECURITIES TRANSACTIONS AND INTERESTS HELD BY THE DIRECTORS *(Continued)*

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 2024, 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 of Hong Kong Limited (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 terminate 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.

OTHER INFORMATION *(Continued)*

EQUITY-LINKED AGREEMENT *(Continued)*

Share Option Scheme *(Continued)*

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.

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 2024, 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:

OTHER INFORMATION (Continued)

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	796,035,520 (L)	71.0%
(ii)	Guangdong Provincial Port and Shipping Group Company Limited ("GDPS") (Note 3)	Interest of controlled corporation	796,035,520 (L)	71.0%

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 2024.
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 2024, 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.

OTHER INFORMATION *(Continued)*

INTERIM DIVIDEND

On 26 August 2024, the Board declared an interim dividend of HK2 cents per ordinary share (2023 interim dividend: nil) for the year ending 31 December 2024, totaling approximately HK\$22,423,000 (2023: nil) to Shareholders whose names appeared on the register of members on 20 September 2024. The interim dividend is expected to be paid in cash.

CLOSURE OF REGISTER MEMBERS

The register of members of the Company will be closed from 17 September 2024 (Tuesday) to 20 September 2024 (Friday), both dates inclusive. In order to qualify for the interim dividend for the year ended 31 December 2024, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on 16 September 2024 (Monday) for registration. The dividend warrants for the cash dividends are expected to be sent by ordinary mail to the Shareholders at their own risk on or around 18 October 2024 (Friday).

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 2024.

Interim financial report of the Group for the six months ended 30 June 2024 is prepared in accordance with HKAS 34, *Interim Financial Reporting*, unaudited but has been 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*, issued by HKICPA.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

The Directors have adopted various policies to ensure compliance with the code of the Corporate Governance Code (the “**Code**”) under Appendix C1 of the Listing Rules. In the opinion of the Directors, the Company complied with the 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**”) and Ms. Yau Lai Man (“**Ms. Yau**”) have served as independent non-executive Directors for over nine years. During their year of service with the Company, Mr. Chan and Ms. Yau 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 and Ms. Yau 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 and Ms. Yau’s duties, contributions and scope of work, also believes that Mr. Chan and Ms. Yau can independently express opinions on matters of the Company without intervention 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 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 the Shareholders.

Ms. Yau retired on rotation at the annual general meeting held on 31 May 2022, and being eligible, offered herself for re-election at the said meeting. Ms. Yau had been re-appointed by a separate resolution of the Shareholders at the said meeting. Mr. Chan retired on rotation at the annual general meeting held on 21 June 2023, and being eligible, offered himself for re-election at the said meeting. Mr. Chan had been re-appointed by separate resolutions of the Shareholders at the said meeting.

OTHER INFORMATION *(Continued)*

DIRECTORS

Mr. Chow Bing Sing resigned from his positions as an independent non-executive Director, a member of the Remuneration Committee, Audit Committee and Nomination Committee of the Company due to his official retirement, effective from 1 April 2024.

Saved 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 2023.

As at the date of this 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, 26 August 2024

REVIEW REPORT TO THE BOARD OF DIRECTORS



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 67 which comprises the consolidated statement of financial position of Chu Kong Shipping Enterprises (Group) Company Limited (the “**Company**”) as of 30 June 2024 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.

REVIEW REPORT TO THE BOARD OF DIRECTORS *(Continued)*

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 2024 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

26 August 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024 - unaudited

(Expressed in Hong Kong dollars)

	Note	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,934,630	1,983,891
Investment properties		43,847	44,510
Land use rights		309,509	325,374
Intangible assets		231,205	232,296
Investments in joint ventures		293,894	302,488
Investments in associate		132,191	122,468
Deferred income tax assets		1,294	1,306
Other non-current assets		15,394	16,851
		2,961,964	3,029,184
Current assets			
Inventories and spare parts		20,655	21,225
Trade and other receivables	8	564,097	457,099
Bank deposits and cash and cash equivalents		963,975	1,038,838
		1,548,727	1,517,162
Total assets		4,510,691	4,546,346
EQUITY			
Share capital	9	1,415,118	1,415,118
Reserves		1,766,982	1,771,788
		3,182,100	3,186,906
Non-controlling interests		313,275	311,136
Total equity		3,495,375	3,498,042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2024 - unaudited
(Expressed in Hong Kong dollars)

	Note	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		89,633	91,295
Lease liabilities		48,368	50,487
Long term borrowings	10	112,796	118,125
Other payables		9,775	10,174
		260,572	270,081
Current liabilities			
Trade payables, accruals and other payables	11	457,793	486,937
Amounts due to the non-controlling interests	12	40,360	40,360
Income tax payables		23,104	15,064
Lease liabilities		14,871	18,460
Short-term borrowings	10	200,000	200,000
Current portion of long-term borrowings	10	18,616	17,402
		754,744	778,223
Total liabilities		1,015,316	1,048,304
Total equity and liabilities		4,510,691	4,546,346
Net current assets		793,983	738,939
Total assets less current liabilities		3,755,947	3,768,123

The notes on pages 40 to 67 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Revenue	6	1,388,711	1,233,130
Cost of sales/services rendered		(1,280,558)	(1,110,623)
Gross profit		108,153	122,507
Other income	13	94,038	92,912
Other gains/(losses) - net	13	4,304	(891)
General and administrative expenses		(141,772)	(149,097)
Operating profit		64,723	65,431
Finance income		11,927	8,630
Finance cost		(12,867)	(12,065)
Share of profits less losses of:			
– Joint ventures	15	7,996	5,011
– Associates	15	13,328	9,743
Profit before income tax		85,107	76,750
Income tax expense	16	(13,601)	(14,455)
Profit for the period		71,506	62,295
Attributable to:			
Equity holders of the Company		67,115	58,387
Non-controlling interests		4,391	3,908
Profit for the period		71,506	62,295
Earnings per share (HK cents)			
Basic and diluted	18	5.99	5.21

The notes on pages 40 to 67 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Profit for the period	71,506	62,295
Other comprehensive income for the period:		
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss:</i>		
Currency translation differences:		
– Subsidiaries	(15,845)	(56,555)
– Joint ventures and associates	(2,270)	(11,783)
Other comprehensive income for the period, net of tax and reclassification effect	(18,115)	(68,338)
Total comprehensive income for the period	53,391	(6,043)
Attributable to:		
Equity holders of the Company	51,252	(5,422)
Non-controlling interests	2,139	(621)
Total comprehensive income for the period	53,391	(6,043)

The notes on pages 40 to 67 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Fair value					Non-					
	Share capital	Exchange reserve	Revaluation reserve	Capital reserve	reserves (non-recycling)	Statutory reserves	Merger reserves	Retained profits	Total	controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 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	(871,425)	2,324,853	3,094,445	313,112	3,407,557

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the six months ended 30 June 2024 - 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 2024	1,415,118	(47,481)	23,009	167,717	1,184	118,246	(871,425)	2,380,538	3,186,906	311,136	3,498,042
Profit for the period	-	-	-	-	-	-	-	67,115	67,115	4,391	71,506
Other comprehensive income:											
Currency translation differences											
– Subsidiaries	-	(13,754)	-	-	-	-	-	-	(13,754)	(2,091)	(15,845)
– Joint ventures and associates	-	(2,109)	-	-	-	-	-	-	(2,109)	(161)	(2,270)
Transfer of reserves	-	-	-	-	-	58	-	(58)	-	-	-
Total comprehensive income for the period	-	(15,863)	-	-	-	58	-	67,057	51,252	2,139	53,391
2023 final dividend	-	-	-	-	-	-	-	(56,058)	(56,058)	-	(56,058)
At 30 June 2024	1,415,118	(63,344)	23,009	167,717	1,184	118,304	(871,425)	2,391,537	3,182,100	313,275	3,495,375

The notes on pages 40 to 67 form part of this interim financial report.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Cash flows from operating activities			
Profit before income tax		85,107	76,750
Adjustments for:			
Gain on disposals of interest in joint ventures	13	(6,042)	(2,227)
Gains on disposals of property, plant and equipment	13	(1,570)	(270)
Share of profits less losses of joint ventures and associates	15	(21,324)	(14,754)
Impairment loss on investment in an associate	13	3,000	—
Others		75,279	81,991
Changes in working capital:			
Decrease/(increase) in inventories and spare parts		570	(808)
Increase in trade and other receivables		(106,341)	(118,185)
(Decrease)/increase in trade payables, accruals and other payables		(14,119)	64,963
Cash generated from operations		14,560	87,460
Income tax paid		(4,999)	(7,404)
Net cash generated from operating activities		9,561	80,056
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(32,413)	(22,428)
Proceeds from disposals of property, plant and equipment		2,215	381
Decrease/(increase) in bank deposits with more than three months to maturity		20,978	(31,907)
Cash receipt from disposals of interest in joint ventures		17,406	4,804
Cash flows from other investing activities		14,260	8,630
Net cash generated from/ (used in) investing activities		22,446	(40,520)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Cash flows from financing activities		
Dividend paid	(56,058)	–
Repayment of bank loans	(285,558)	(14,206)
Drawdown of bank loans	282,397	–
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	(26,144)	(28,798)
Net cash used in financing activities	(85,363)	(60,599)
Net decrease in cash and cash equivalents	(53,356)	(21,063)
Cash and cash equivalents at the beginning of the period	985,736	1,032,375
Effect of exchange rate changes	(1,731)	(21,338)
Cash and cash equivalents at the end of the period	930,649	989,974

The notes on pages 40 to 67 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

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 26 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2023 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 2023 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

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 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2023.

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 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 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

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 statement of profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2024						
Total revenue	881,333	259,548	171,319	270,747	37,636	1,620,583
Inter-segment revenue	(51,281)	(81,554)	–	(69,593)	(29,444)	(231,872)
Revenue (from external customers)	830,052	177,994	171,319	201,154	8,192	1,388,711
Segment profit before income tax expense	12,494	27,076	22,298	4,738	18,501	85,107
Income tax expense	(1,517)	(8,953)	(1,041)	–	(2,090)	(13,601)
Segment profit after income tax expense	10,977	18,123	21,257	4,738	16,411	71,506
Segment profit before income tax expense includes:						
Finance income	371	2,877	955	8	7,716	11,927
Finance cost	(449)	(7,305)	(1,940)	(5)	(3,168)	(12,867)
Depreciation and amortisation	(4,691)	(53,093)	(12,814)	(1,347)	(1,403)	(73,348)
Share of profits less losses of:						
Joint ventures	1,679	4,117	2,200	–	–	7,996
Associates	–	2,078	11,250	–	–	13,328

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

7 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

(a) Right-of-use assets

During the six months ended 30 June 2024, 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\$4,433,000 (six months ended 30 June 2023: HK\$5,870,000).

(b) Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of HK\$17,604,000 (six months ended 30 June 2023: HK\$22,428,000).

Items with aggregated net book value of HK\$645,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$111,000), resulting in gains on disposals of HK\$1,570,000 (six months ended 30 June 2023: HK\$270,000).

Cost adjustment of HK\$5,401,000 was credited to property, plant and equipment during the six months ended 30 June 2023 which represented the revision of the construction cost of properties completed in prior year. There were no such cost adjustment recognised during the six months ended 30 June 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade receivables:		
– third parties	320,826	252,149
– fellow subsidiaries	20,393	18,481
– joint ventures and an associate	4,410	4,454
– other related companies	18,401	16,757
Trade receivables, net (note (a)):	364,030	291,841
Other receivables:		
– third parties	139,797	114,168
– immediate holding company (note (b))	–	1,208
– fellow subsidiaries (note (b))	16,076	19,746
– joint ventures and associates (note (b))	44,194	30,136
	200,067	165,258
Total trade and other receivables	564,097	457,099

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 3 months	301,374	244,638
4 to 6 months	28,722	25,018
7 to 12 months	14,203	2,104
Over 12 months	28,495	28,515
	372,794	300,275
Less: loss allowance	(8,764)	(8,434)
	364,030	291,841

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 amounts of trade and other receivables approximate their fair values.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

9 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Numbers of shares (‘000)	Share capital HK\$’000
At 30 June 2024 and 31 December 2023	1,121,167	1,415,118

10 BORROWINGS

	As at 30 June 2024 HK\$’000	As at 31 December 2023 HK\$’000
Fixed rate borrowings:		
Secured, bank loans	82,108	82,697
Variable rate borrowings:		
Unsecured, bank loans	200,000	200,000
Secured, bank loans	49,304	52,830
	331,412	335,527
Less: current portion	(218,616)	(217,402)
	112,796	118,125

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

10 BORROWINGS (Continued)

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Repayable within 1 year	218,616	217,402
Repayable within 1 to 2 years	20,811	20,575
Repayable within 2 to 5 years	55,037	70,139
Repayable more than 5 years	36,948	27,411
	331,412	335,527
Current portion included in current liabilities	(218,616)	(217,402)
	112,796	118,125

The secured bank loans at 30 June 2024 were secured by certain land use rights, investment properties and property, plant and equipment of the Group with net book value amounting to HK\$129,793,000, HK\$32,287,000 and HK\$125,077,000 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 2024, bank loans of HK\$200,000,000 are interest-bearing at rates ranging from 0.25% to 0.4% over Hong Kong Interbank Offered Rate (“**HIBOR**”). At 30 June 2024, bank loan of HK\$131,412,000 is interest-bearing at a rate of Loan Prime Rate (“**LPR**”) minus 0.5%.

At 31 December 2023, bank loans of HK\$200,000,000 were interest-bearing at rates ranging from 0.75% to 0.8% over HIBOR. At 31 December 2023, bank loan of HK\$52,830,000 was interest-bearing at a rate of LPR minus 0.5%. At 31 December 2023, bank loans of HK\$82,697,000 were interest bearing at a fixed rate of 4.28%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade payables (notes (a) and (b)):		
– third parties	246,527	248,683
– immediate holding company	1,573	2,842
– fellow subsidiaries	28,876	25,049
– joint ventures and associates	21,010	12,521
– other related companies	1,799	1,866
	299,785	290,961
Accruals and other payables:		
– third parties	127,915	166,061
– immediate holding company (note (b))	24,826	29,353
– fellow subsidiaries (note (b))	4,296	3,973
– joint ventures and associates (note (b))	2,985	1,032
– other related companies	–	7
	160,022	200,426
Less: Amount included under “non-current liabilities” (note (e))	(9,775)	(10,174)
	150,247	190,252
Contract liabilities (note (d))	7,761	5,724
	158,008	195,976
	457,793	486,937

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 3 months	255,213	258,911
4 to 6 months	31,618	20,979
7 to 12 months	10,002	8,361
Over 12 months	2,952	2,710
	299,785	290,961

- (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 amounts of trade payables, accruals and other payables approximate their fair values.
- (d) The contract liabilities primarily relate to the advance consideration received from customers, or the Group has unconditional right to considerations before the goods or services are delivered.

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

- (e) All of the trade payables, accruals and other payables, apart from certain long service payment totalling HK\$9,775,000 (2023: HK\$10,174,000), are expected to be settled or recognised as income or are repayable within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

12 AMOUNT DUE TO THE NON-CONTROLLING INTERESTS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Unsecured loan – interest-free (note)	40,360	40,360

Note:

The amount is denominated in Hong Kong dollars, unsecured and repayable on demand.

13 OTHER INCOME

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Management fee income from Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	12,500	20,000
Property rental income	11,354	9,855
Government grants and subsidies	63,464	56,352
Others	6,720	6,705
	94,038	92,912

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

13 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Exchange gains/(losses), net	683	(3,297)
Gain on disposals of interest in joint ventures	6,042	2,227
Gains on disposals of property, plant and equipment (note 7(b))	1,570	270
Provision for loss allowance of trade receivables, net	(991)	(91)
Impairment loss on investment in an associate	(3,000)	–
	4,304	(891)

14 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Amortisation of land use rights	6,769	6,853
Amortisation of intangible assets	841	910
Depreciation of property, plant and equipment	52,204	56,215
Depreciation of investment properties	585	579
Depreciation of right-of-use assets	12,949	14,971
Lease payments for short-term leases		
– vessels and barges	75,339	72,221
– buildings	4,923	4,186
Staff costs (including directors' emoluments)	282,487	289,182

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

15 SHARE OF PROFITS LESS LOSSES OF JOINT VENTURES AND ASSOCIATES

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Share of profits less losses before income tax of		
– joint ventures	10,850	6,368
– associates	15,417	10,215
	26,267	16,583
Share of income tax of		
– joint ventures	(2,854)	(1,357)
– associates	(2,089)	(472)
	(4,943)	(1,829)
	21,324	14,754

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

16 INCOME TAX EXPENSE

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Current income tax		
– Hong Kong profits tax	3,744	5,092
– PRC corporate income tax	8,538	8,407
– Macau profits tax	757	380
Deferred income tax expense	562	576
	13,601	14,455

Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period. The People's Republic of China ("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% (2023: 25%). Macao profits tax has been provided at the rate of 12% (2023: 12%) on the estimated assessable profit of the Macao entities for the period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 DIVIDENDS

- (a) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Interim dividend declared and payable after the interim period of HK2 cents (2023: HK1 cent) per share	22,423	–

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Final dividend paid/payable for 2023 of HK5 cents (2022: HK4 cents for 2022) per ordinary share	56,058	44,847
Special dividend payable for 2023 of HK1 cent (2022: HK2 cents) per ordinary share	–	22,423

At the board meeting held on 25 March 2024, the directors proposed a final dividend of HK5 cents per ordinary share for the year ended 31 December 2023. Such proposal was subsequently approved by shareholders on 29 May 2024. The aggregate amount of the dividends was HK\$56,058,000 (2023: final and special dividends of HK\$67,270,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Profit attributable to equity holders of the Company (HK\$'000)	67,115	58,387
Weighted average number of ordinary shares in issue ('000)	1,121,167	1,121,167
Basic earnings per share (HK cents)	5.99	5.21

The amount of dilutive earnings per share is the same as basic earnings per share for the six months ended 30 June 2024 and 2023 as there were no dilutive potential ordinary shares in issue.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Property, plant and equipment: Contracted but not provided for	9,188	15,227

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS

The directors of the Company regard CKSE as the immediate holding company, which owns 71% (31 December 2023: 71%) of the Company's ordinary shares at 30 June 2024. The ultimate holding company of the Group is Guangdong Provincial Port & Shipping Group Company Limited ("**GDPS**"), a state-owned enterprise established in the PRC. GDPS itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

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 2024 and 2023, 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 2024 and 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– a fellow subsidiary		54	–
– joint ventures and an associate		3,521	1,158
– other related companies		333	119
Passenger transportation agency fees	(i)		
– fellow subsidiaries		5,867	545
– joint ventures and an associate		5,483	3,775
– other related companies		630	–
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		376	228
– joint ventures and an associate		2,031	2,086
– other related companies		300	–
Sub-baggage handling services fees	(i)		
– fellow subsidiaries		359	–
– joint ventures and an associate		1,685	–
– other related companies		1,158	447

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Revenues: (Continued)			
Management service fees			
– immediate holding company	(i), (ii)	12,500	20,000
Staff management service fees	(iii)		
– immediate holding company		128	–
– fellow subsidiaries		7	–
– joint ventures		1,423	3,726
– a related company		134	132
Vessel rental income	(i)		
– a joint venture		–	1,976
– a related company		1,418	1,478
Fuel supply income	(i)		
– fellow subsidiaries		29,196	12,706
– joint ventures and associates		29,229	17,466
– other related companies		7,960	30,613
Marine bunkering service fees	(i)		
– fellow subsidiaries		323	106
– an associate		91	–
– other related companies		1,280	753

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Revenues: (Continued)			
Consulting and software service	(iii)		
– a fellow subsidiary		383	278
– joint ventures and associates		63	308
– other related companies		226	48
Agency fee income	(iii)		
– fellow subsidiaries		–	138
– a joint venture and an associate		96	197
– other related companies		–	452
Repairing and maintenance service	(iii)		
– fellow subsidiaries		–	47
– other related companies		–	269
Cargo warehousing services	(i)		
– other related companies		452	–
Ferry rental income	(i)		
– fellow subsidiaries		644	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transhipment expenses (i)		5,041	1,458
– a joint venture and an associate			
Wharf cargo handling, cargo transportation and godown storage expenses (i)		–	18,848
– a fellow subsidiary			
– joint ventures and an associate		13,368	4,218
– a related company		5,159	3,538
Luggage handling fee (iv)		1,162	677
– a related company			
Vessel rental expenses (i)		14,545	12,363
– a joint venture			
– a fellow subsidiary		5,646	3,117
Ferry rental income (i)		3,371	–
– a fellow subsidiary			
Warehouse rental expenses (v)		2,500	2,083
– immediate holding company			

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Expenses: (Continued)			
Office rental expenses	(i)		
– immediate holding company		2,933	3,864
– fellow subsidiaries		681	444
Staff quarter rental expenses	(i)		
– immediate holding company		1,059	1,199
Loan interest expenses	(vi)		
– non-controlling interests		–	21
Property management fee expense	(i)		
– immediate holding company		56	–
– a fellow subsidiary		339	343
IT management fee expense	(vii)		
– immediate holding company		698	600
Repair and maintenance expenses	(i)		
– a fellow subsidiary		14,260	5,095

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Note	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Expenses: (Continued)			
Staff management			
fee expenses	(i)		
– a fellow subsidiary		2,374	–
Management fee expenses			
– a fellow subsidiary		425	–

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

On 30 June 2023, the Company and CKSE had entered into a new management agreement. The management fee is calculated annually at (i) HK\$20,000,000 per year or (ii) 3.25% of the total assets value of these companies as at 30 June of each year, whichever is higher, but the amount shall not exceed HK\$25,000,000. The contract period is from 1 July 2023 to 30 June 2026.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes: (Continued)

- (iii) Management, consulting, software, agency and repairing and maintenance service fees were charged based on the actual costs incurred for the services provided.
- (iv) 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.
- (v) The Group leased a warehouse from CKSE and rental was charged by CKSE pursuant to the agreement governing the transaction.
- (vi) Loan interest was charged by the non-controlling interests in respect of loans bearing interest at the base lending rate announced by the PBOC (2023: base lending rate announced by the PBOC).
- (vii) Management fee expenses were charged for IT services provided by CKSE as set out in the agreement governing these transactions.

(b) Key management compensation

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Salaries and allowances	3,518	3,377
Directors' fees	448	410
Retirement benefit scheme contributions	51	45
Housing benefit	325	303
	4,342	4,135

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liu Guanghui (*Chairman of the Board*)
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
Hon. Rock Chen Chung-nin

COMPANY SECRETARY

Ms. Cheung Mei Ki Maggie

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

Mr. Chan Kay-cheung (*Chairman*)
Ms. Yau Lai Man
Ms. Zhong Yan

NOMINATION COMMITTEE

Mr. Liu Guanghui (*Chairman*)
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Hon. Rock Chen Chung-nin

REMUNERATION COMMITTEE

Mr. Chan Kay-cheung (*Chairman*)
Ms. Yau Lai Man
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
HSBC
Bank of Communications
CMBC
ICBC

REGISTRAR

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