



**CHU KONG SHIPPING ENTERPRISES  
(GROUP) COMPANY LIMITED**

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

**INTERIM REPORT 2022**



**TRANSCEND**

**INNOVATE**



**TRANSFORM**

**25<sup>th</sup>  
Anniversary**

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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 30th June 2022 to the shareholders of the Company (the "Shareholders") for their review.

### REVIEW

In the first half of 2022, Hong Kong was hit by the fifth wave of the epidemic, the Group's local ferry business was severely impacted, while for cross-border passenger business, except for the Shekou to Hong Kong International Airport route which maintained three one-way voyages per day, other cross-border waterway passenger routes remained suspended. The substantial surge in international fuel prices had led to an increase in the Group's operating costs. In the face of multiple challenges, the Group accelerated its business transformation and upgrade, endeavored to create new drivers for growth and efficiency, and continued to optimise its operation and control model, successfully improving its operating results and sustaining a positive trend of operating performance.

While striving to improve business performance, the Group has also earnestly fulfilled its corporate social responsibility by making an outstanding contribution to the anti-epidemic work in Hong Kong, which had received extensive coverage by many mainstream media news. Being faced with the precarious situation of the fifth wave epidemic in Hong Kong, the Group has fully utilised its business advantage as a combination of "transit and port" in the Guangdong-Hong Kong-Macao Greater Bay Area; Chu Kong Transshipment & Logistics Co., Ltd. ("CKTL"), in conjunction with Qingyuan Port, Doumen Port, Zhongshan Port, Zhongshan Huangpu Port, Gaoming Port, Beicun Port, Sanbu Port and many other freight ports, has been successfully opening "Green Passages" and "Synergised Passages" to secure a full logistics chain, in order to realise a smooth integration of consignment consolidation, custom clearance, as well as consignment loading and unloading, which in turn has efficiently supplied medical materials and other resources for anti-epidemic measures, quarantine measures, as well as for daily necessity such as fresh food and grocery items; the Group had also organised personnel and resources to maintain the operation of the outlying island ferries under the severe impact of the epidemic, thus addressing the need of urban commute of outlying island residents.

## **CHAIRMAN'S STATEMENT** *(Continued)*

The Group precisely grasped market opportunities to develop a high-end comprehensive logistics business, and continued to build new advantages in the port logistics business. Driven by the transportation business of anti-epidemic materials for Hong Kong, CKTL, Zhongshan Huangpu Port, Doumen Port and Qingyuan Port had significantly improved their operating efficiency. The new warehouse in Tuen Mun was successfully put into operation, and the integrated logistics business has developed rapidly. CKTL and a courier company have jointly operated the warehouse for Regulated Air Cargo Screening Facilities Scheme in Tuen Mun Godown Wharf, which has further enhanced the Group's air freight business volume. CKTL has vigorously developed the business of local construction logistics in Hong Kong, transformed and upgraded the traditional container berth in Yau Ma Tei and built it into a professional engineering logistics loading, unloading and distribution base. The Group has successfully facilitated the logistic project of inner wall bent plate of the tunnel for the Central Kowloon Route, as well as the logistic project of the transitional housing scheme in Kong Ha Wai Village, and has been concentrating on securing the logistics for the Hong Kong Mobile Cabin Hospital and other construction projects supported by the central government concerning the anti-epidemic measures in Hong Kong. Gaoming Port has taken lead to develop cross-border e-commerce business and started a trans-customs transportation business between Foshan Gaoming district and Guangzhou Baiyun International Airport; the express parcel processing facility in Gaoming Port has also successfully launched its cross-border e-commerce direct delivery business. Civet Port has seized the opportunity to successfully develop the operating business of the centralised Zhuhai cross-border freight transfer station, as well as the operation business of the Guangdong-Hong Kong-Macao Logistics Park cross-border freight transfer station. Doumen Port has continued to promote business diversification whilst continuing to develop a comprehensive logistics business and has successfully developed bulk building materials businesses such as remote loading of bridge components for Hong Kong and Macao, and berthing and loading of cement ships for Hong Kong. Doumen Port has also coordinated the existing warehouse resources, completed the qualification examination and acceptance process of supervised designated sites for imported fruits, and prepared to develop business for imported fruits.

## **CHAIRMAN'S STATEMENT** *(Continued)*

The Group actively cultivates new businesses surrounding Hong Kong International Airport, and achieved another key breakthrough in its airport strategy; Hong Kong International Airport Ferry Terminal Services Limited, a member of the Group, has won the project of passenger and baggage service in transit terminal of Hong Kong International Airport, which has, in turn, expanded the Group's cross-border airport passenger service from "sea-air transport" to "sea-land-air transport". The businesses previously developed by Chu Kong Passenger Transport Co., Ltd. ("CKPT") related to Hong Kong International Airport have maintained normal operation under the impact of the epidemic, among which, the car-sharing business on the apron of Hong Kong International Airport has maintained steady growth.

Whilst successfully promoting several key projects, the Group also maintained strict cost control and has successfully applied for a few government subsidies to alleviate business pressure.

## **OUTLOOK**

In the second half of the year, the COVID-19 epidemic will continue to exert pressure on the Group's cross-border passenger transportation and its related auxiliary businesses. The Group will actively integrate into the national and regional development landscape, optimise the strategic layout as a breakthrough, accelerate the construction of new development pattern, and plan the strategic layout in the operating segments such as cargo transportation, cargo handling and storage, passenger transportation business, fuel supply, etc. The Group will persistently accelerate its business transformation, upgrade and innovation by broadening its vision of operation and development, adjusting the layout of industrial structure, and integrating advantageous resources to break through development bottlenecks as well as to form development synergies.

## **CHAIRMAN'S STATEMENT** *(Continued)*

Firstly, the Group will make every effort to transform and upgrade its logistics business. The Group will actively capture the opportunities in the Hong Kong infrastructure market, and fully utilise the professional engineering logistics loading, unloading and distribution base operated by the Group in Hong Kong, in order to further develop our engineering materials logistics business; the Group will leverage the geographic advantage of the Tuen Mun Godown Wharf to focus on developing the e-commerce logistics, air cargo logistics and duty-free warehousing businesses; the Group will focus on nurturing the e-commerce logistics business at Gaoming Port, improve the capacity of the supporting logistics service, and build a quality cross-border e-commerce custom clearance centre in the Greater Bay Area; the Group will also strengthen the development of the business in Civet Port's centralised cross-border trucking terminal, and promote maintenance and upgrade for its quays and berths to enhance cargo handling capacity.

Secondly, the Group will continue to develop new advantages in the passenger transport business. The Group will promote operation integration of the Group's cross-border passenger business, focus on developing potential routes and cancelling routes that have become less competitive in an orderly manner; the Group will continue to actively participate in bidding for strategic and quality projects of Hong Kong International Airport, and strive to become an integrated service provider for Hong Kong International Airport; the Group will enhance the management quality and service capability of its local ferry business, and strengthen the local transportation and public industry in Hong Kong; the Group will prepare to launch the passenger route between Guangzhou Huangpu and urban Hong Kong, as well as the routes between Guangzhou Pazhou, Shunde and Hong Kong International Airport, and actively prepare for the resumption of cross-border passenger routes.

Thirdly, the Group will actively develop the water cultural tourism industry. The Group will focus on the project of the "Oriental Pearl" Victoria Harbour tour and will promote the brand building and raise awareness of "Oriental Pearl" to create a platform for water cultural tourism and commercial events in Hong Kong. In the second half of the year, "Oriental Pearl" will realise berth-and-operate in Central Ferry Pier No.8, strengthen exploration of the market potential in urban Hong Kong Island, strengthen the promotion of both online and offline agents, and actively plan for festival-theme events as well as commercial boat charter events.

## **CHAIRMAN'S STATEMENT** *(Continued)*

Fourthly, the Group will fully explore the potential of the fuel supply business. The Group will take advantage of Hong Kong's scarce local refueling buoy facilities, strengthen cooperation with oil companies, and actively bid for over-the-water fuel supply projects in Hong Kong.

Fifthly, the Group will accelerate the implementation of investment projects in countries along the "Belt and Road" initiatives. The Group will accelerate the establishment of logistics business outlets in the ASEAN region, acquire investment projects of synergistic value, establish overseas bases, and actively develop markets along the "Belt and Road" initiatives.

### **RESPONSE TO COVID-19 EPIDEMIC**

Following the guidelines on epidemic prevention and anti-epidemic issued by the government of People's Republic of China and the Hong Kong Special Administrative Region, the Group quickly took epidemic prevention measures to protect customers and employees while maintaining business continuity under the COVID-19 outbreak. The Group took multiple measures to minimise the risk of infection, including flexible working hours, split-team operations, work-from-home arrangements and procurement of sanitary items.

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

**Liu Guanghui**  
*Chairman*

Hong Kong, 25th August 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

For the period ended 30th June 2022, the Group recorded consolidated revenue of HK\$1,601,198,000, representing an increase of 40.1% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK\$54,944,000, representing an increase of 110.6% over the same period last year.

In the first half of 2022, due to the continuous impact of the repeated COVID-19 epidemic, the international environment became more complex and severe. The global epidemic had spread, while oil prices had continued to rise sharply. A series of unexpected factors led to significant downward pressure on the economy and weakened the momentum of world trade growth. The fifth wave of the epidemic, which broke out in Hong Kong at the beginning of the year, had certain impact on the local ferry and water cultural tourism businesses. Although the cross-border waterway passenger transportation business maintained a limited-service due to the epidemic prevention policies, the terminal logistics business of the Group had grown. Compared with the same period last year, despite the cross-border passenger transportation business operations of the Group was still in a trough due to the epidemic, most of the terminal logistic business stabilised and showed improvement through active development. In response to the challenges in the external environment, the Group had optimised deployment, strengthened resources integration, set up livelihood businesses, impelled strategy implementation, innovated management initiatives, and achieved leapfrog development.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

Regarding the freight business, the Group leveraged on advantages of the terminal's network, seized the opportunity to assist Hong Kong's anti-epidemic livelihood supplies transportation project, and continued to provide new impetus to local businesses. While carrying out epidemic prevention and control, the Group focused on improving the layout of the industrial chain and vigorously developed the terminal logistic business market. During the period, the container transportation volume recorded 644,000 TEU, representing a year-on-year decrease of 9.8%; and the break bulk cargoes transportation volume recorded 342,000 tons, representing a year-on-year increase of 4.9%. As for the cargo handling business, the container handling volume recorded 571,000 TEU, representing a year-on-year increase of 0.2%; the break bulk cargoes handling volume recorded 4,036,000 tons, representing a year-on-year increase of 6.6%; and the volume of container hauling and trucking recorded 98,000 TEU, representing a year-on-year decrease of 13.3%.

Regarding the passenger transportation business, affected by the fifth wave of the epidemic in Hong Kong, the business volume of the local ferry business had declined in the first half of the year; benefiting from the increase in business volume for the one-way sailing from Shekou to Hong Kong International Airport, the business operation indicators of cross-border waterway passenger transportation achieved marginal growth. During the period, both the total number of passengers for agency services and the number of passengers for terminal services amounted to 34,000 respectively, representing a year-on-year increase of 9.7%. The number of passengers for the local ferry service was 5,133,000, representing a year-on-year decrease of 18.1%.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW OF OPERATIONS (Continued)

#### 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 30th June		
	2022	2021	Change
Container transportation volume (TEU)	644,000	714,000	-9.8%
Break bulk cargoes transportation volume (revenue tons)	342,000	326,000	4.9%
Volume of container hauling and trucking on land (TEU)	98,000	113,000	-13.3%

###### *Subsidiaries*

In the first half of 2022, although the fifth wave epidemic in Hong Kong was raging, which had caused inconvenience to the Group's freight business. Facing difficulties, CKTL stabilised operations while improving efficiency, fully exploited its resources, vigorously expanded its construction logistics and integrated logistics, gradually realised transformation and upgrading. During the period, the break bulk cargoes transportation volume recorded 342,000 tons, representing a year-on-year increase of 4.9%. Under the influence of the epidemic, several domestic cities were locked down and the supply of container space and containers was insufficient. During the period, the container transportation volume recorded 644,000 TEU, representing a year-on-year decrease of 9.8%; the volume of container hauling and trucking on land recorded 98,000 TEU, representing a year-on-year decrease of 13.3%.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW OF OPERATIONS (Continued)

#### I. TERMINAL NAVIGATION LOGISTICS BUSINESS (Continued)

##### 1. Cargo Transportation Business (Continued)

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

CKTL had seized the opportunity of the operation commencement of the new warehouse in Tuen Mun, expanded businesses in an orderly manner, gave full play to synergies, and deepened the cooperation between cargo terminals and navigation. In terms of the construction logistics, CKTL had transformed the traditional container berth in Yau Ma Tei into a professional construction logistics handling and distribution base, smoothly carrying out the project of transporting the inner wall bent plate of the tunnel for the Central Kowloon Route and the project of the transitional housing scheme in Kong Ha Wai Village. In terms of cargo terminals and navigation integration, CKTL had completed the construction of the integrated operation platform for port and barges with the Zhaoqing region during the period to promote cost efficiency through its business linkage. In terms of e-commerce logistics, CKTL had successfully opened a regular line for waterway e-commerce logistics between Shenzhen and Hong Kong so as to continuously improved the e-commerce logistics business chain. In terms of assisting Hong Kong's anti-epidemic supplies transportation, CKTL opened transportation channels for shipping through the linkage between Guangdong and Hong Kong terminals during the epidemic to ensure the anti-epidemic and livelihood supplies.

## 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:

<b>Indicators</b>	<b>For the six months ended 30th June</b>		
	<b>2022</b>	2021	Change
Container handling volume (TEU)	<b>571,000</b>	570,000	0.2%
Volume of break bulk cargoes handled (revenue tons)	<b>4,036,000</b>	3,786,000	6.6%

###### ***Subsidiaries***

During the period, under the impact of the COVID-19 epidemic, the overall container handling volume of the Group remained stable while the volume of break bulk cargoes handled achieved steady growth. The subsidiaries were determined to overcome multiple hurdles, actively discovered potential opportunities, strived to seek development, adhere to business features, tap into business potential, improved quality and efficiency, and realised transformation and upgrading.

## 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 84,000 TEU, representing a year-on-year increase of 3.4%; the overall break bulk cargoes handling volume recorded 2,541,000 tons, representing a year-on-year decrease of 5.7%. During the period, Zhaoqing New Port Production and Operation Centre was officially launched. Through an integrated management model, Zhaoqing New Port Production and Operation Centre formed a resource linkage coordination mechanism, actively adjusted business strategies, optimised trailer resources and allocation of empty containers, and realised “full-loaded import and export”. Container handling volume of Zhaoqing New Port recorded a year-on-year increase of 35.1%. During the period, Sihui Port developed domestic business in break bulk cargo, implemented diversified businesses operation, vigorously expanded integrated logistic business, and promoted construction materials business such as cement, gravel and soil to a new level. During the period, Gaoyao Port kept domestic trade businesses abreast of the foreign trade businesses, with domestic container handling volume recording a three-digit growth compared with the same period last year. In terms of foreign trade business, Gaoyao Port actively took advantage of the regular schedule of bulk cargo to facilitate the transportation of anti-epidemic supplies to Hong Kong. Kangzhou Port fully took advantage of its geographical location, focused on the marketing of its cargoes in gravel yard, and perfected the conveyor belt loading and unloading process, resulting in an increase in domestic bulk cargoes capacity by 24.1% compared with the same period last year.

## 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 break bulk cargoes handling volume at Gaoming Port of Foshan region recorded 136,000 tons, representing a significant year-on-year increase of 652.3%, mainly driven by strong growth in bulk cargo. Gaoming Port continued to perfect the composite ports project, vigorously consolidate and expand foreign trade and bulk cargo businesses, optimised the cargo supply structure, and built one of the largest and highest standard “renewable resources” inspection fields in Guangzhou Customs District through its renewable resource business. Meanwhile, Gaoming Port grasped the new business opportunities of the second airport in Guangzhou, carried out new cross-border e-commerce business in an orderly manner and improved the integrated logistics service platform continuously. During the period, the express centre of Gaoming Port successfully launched the cross-border e-commerce direct purchase export business, further enriched the business model and service content, and actively built a high-quality cross-border e-commerce customs clearance centre in the Greater Bay Area.

During the period, the container handling volume at Qingyuan Port recorded 54,000 TEU, representing a year-on-year increase of 22.1%. Qingyuan Port strengthened its business synergy and optimised cargo structure to realise a balanced development of both domestic and foreign trade businesses. Qingyuan Port also sought external support from customs policies to improve customs clearance efficiency, and internally launched the paperless project of the terminal system, promoted the construction of information technology, and took multiple measures to attract high-quality customers and diverse cargo categories. At the same time, a special line for the transportation of anti-epidemic supplies from Qingyuan to Hong Kong was also opened, effectively encouraging the growth of cargo volume.

## 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 Zhuhai region recorded 108,000 TEU, representing a year-on-year increase of 5.5%. During the period, the container handling volume at Doumen Port recorded 31,000 TEU, representing a year-on-year increase of 27.9%; Doumen Port also recorded foreign trade bulk cargoes handling volume of 122,000 tons, nearly doubled year-on-year, which was mainly driven by the development of bulk cargo and infrastructure logistics businesses such as steel components and cement components. Doumen Port continued to promote business diversification and expanded its integrated logistics business. During the period, Doumen Port had successfully developed its business of bulk construction materials, such as off-site loading of bridge components for Hong Kong and Macao, and berthing and loading of cement ships for Hong Kong. Doumen Port also tapped into the Hong Kong-Zhuhai-Macao Bridge economy, successfully launched the import business of the bridge warehouse; carried out the fruit import business and completed the inspection and acceptance of qualification of the designated supervision field for imported fruit during the period through the coordination of existing warehouse resources; actively coordinated the port joint inspection department and mobilised transportation resources to ensure sufficient transportation during the fifth wave of the epidemic in Hong Kong. Civet Port recorded bulk cargoes handling of 219,000 tons, representing a year-on-year increase of 42.9%. During the period, benefiting from the use of barges instead of bulk cargo trucks for exporting to Hong Kong, and the unabated demand for gravel in Hong Kong, the bulk cargo business volume of Civet Port had grown significantly; the reputation of high-quality and efficient service from government departments helped Civet Port to earn the businesses of Zhuhai Cross-border Freight Connecting Station and Guangdong-Hong Kong-Macao Logistics Park Cross-border Freight Terminal.

## 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 Zhongshan Huangpu Port in Zhongshan region recorded 13,000 TEU, remained at the same level as last year, while the break bulk cargoes handling volume recorded 180,000 tons, representing a significant year-on-year increase of 156.2%. Zhongshan Huangpu Port tapped into the construction logistic projects in Greater Bay Area, and launched regular bulk cargo shift and bulk cargo charter business at the beginning of the year, the foreign trade bulk cargo business became a new profit growth driver. Zhongshan Huangpu Port also actively communicated with relevant government departments and became the only compliant cement transfer station in Zhongshan, realising the compliance and stabilisation of the cement transfer warehouse business; developed the containerisation of bulk cargo export business, improved their customer stickiness through innovating business models; actively undertook the transportation project of the construction of Hong Kong Mobile Cabin Hospital supported by the central government, assisting Hong Kong to overcome the epidemic while expanding the bulk cargo business; made every effort to guarantee and promote the operation and development of the temporary bunkering station project for LNG vessels, and earnestly fulfill the corporate social responsibilities.

## 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 performance in Hong Kong region was outstanding, the overall container handling volume recorded 190,000 TEU during the period, representing a year-on-year increase of 23.0%; the overall break bulk cargoes handling volume recorded 564,000 tons, representing a significant year-on-year increase of 74.4%. During the period, CKTL successfully leased the land of old godown wharf, resulting in huge increase in container storage and turnover space, and the terminal capacity and container throughput had been significantly improved; by making full use of the professional engineering logistics handling and distribution base in Hong Kong's public handling areas, strengthening the expansion of engineering logistics projects while actively expending the bulk gravel transportation projects at the same time, the bulk cargoes handling volume had recorded a sharp increase and continued to create new advantages in terminal logistics; seized the opportunity of supporting Hong Kong in enhancing the status as an international airline hub from the Chinese government, strengthened cooperation with the Hong Kong International Airport Authority, made efforts to tap the potential of warehousing, strived to deploy resource planning, promoted the development of warehousing business in the direction of integrated logistics such as air logistics, e-commerce logistics and duty-free logistics.

## 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***

Terminals in the Jiangmen region include Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. Jiangmen region recorded a total container handling volume of 150,000 TEU, representing a year-on-year decrease of 14.8%; recorded a total break bulk cargoes handling volume of 108,000 tons, representing a significant year-on-year increase of 158.9%. During the period, Sanbu Port recorded a total break bulk cargoes handling volume of 72,000 tons, representing a significant year-on-year increase of 208.4%. Benefiting from the introduction of bulk steel, export of steel construction, grain and feed, gravel bulk cargo business and the successful opening of waterway transportation channels for anti-epidemic supplies to Hong Kong, Sanbu Port recorded a large increase in bulk cargoes handling volume in the first half of the year. At the same time, Sanbu Port actively developed new sources of supply, such as timber, to realise diversified operation, and enhanced its competitiveness. The break bulk cargoes handling volume at Heshan Port recorded 36,000 tons, representing a year-on-year increase of 96.7%. Through advantages of its geographical location and shipping channels, Heshan Port was able to combine its original container business with the market demand, vigorously developed the bulk cargo business for building materials etc., such as the handling and transportation of steel and bulky goods and the transfer services of crushed stone, cement, lime, etc. At the same time, Heshan Port strived to build a timber distribution base to further expand its market share.

## 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 (Continued)*

Chu Kong Cargo Terminals (Beicun) Co., Ltd. in Foshan region recorded a total container handling volume of 17,000 TEU, representing a year-on-year increase of 10.9%; completed break bulk cargoes handling volume of 214,000 tons, representing a year-on-year increase of 14.5%. Beicun Port launched its "Greater Bay Area Composite Ports" business in April of this year, strengthened the interconnection with the international ports in the Guangdong-Hong Kong-Macao-Greater Bay Area, and continuously improved the benefit of business operation; provided personalised solutions of transportation and handling services according to customer needs through chartered shipping, direct loading at the port, and linkage between domestic and foreign trade yards, hitting a monthly record high for the volume of bulk cargoes handling for export foreign trade; resumed the rice transfer operation while enriching the supply structure and business attractiveness; actively communicated with the joint inspection departments such as customs, maritime affairs and ports to open a "greenway" for the transportation of anti-epidemic supplies to Hong Kong, providing a strong guarantee for a smooth logistics between Guangdong and Hong Kong during the epidemic. Due to the expropriations of the lands for wharves and buildings erected on the ground at Foshan New Port Limited, its operation was suspended with no operating activity during the period. All business operations of Sanshui Sangang Containers Wharf Co., Ltd. continued to be suspended under the environmental protection policies. Foshan Nankong Terminal Co., Ltd. terminated its operation due to the expiration of the operation period.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW OF OPERATIONS (Continued)

#### II. PASSENGER TRANSPORTATION BUSINESS

##### *Business Operation Indicators*

Performance statistics of the major business operations are as follows:

Indicators	For the six months ended 30th June Number of Passengers (in thousands)		
	2022	2021	Change
Total number of passengers for agency services	34	31	9.7%
Total number of passengers for terminal services	34	31	9.7%
The number of passengers for local ferry transportation	5,133	6,265	-18.1%

##### *Subsidiaries*

The cross-border passenger transportation business of the Group in the first half of the year slightly rebounded from the same period last year, but far lower than the pre-pandemic level. During the period, both the number of passengers for agency services and terminal services of CKPT amounted to 34,000 respectively, representing a year-on-year increase of 9.7%.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW OF OPERATIONS (Continued)

#### II. PASSENGER TRANSPORTATION BUSINESS (Continued)

##### *Subsidiaries (Continued)*

Regarding urban routes, in response to the Hong Kong government's requirements for epidemic control during the period, the China Ferry Terminal and the Hong Kong Macau Ferry Terminal were closed at the end of January and early February in 2020 respectively. The urban routes had been suspended since then. During the period, CKPT continued to reduce operating costs and minimise the impact of the epidemic on its business by continuously seeking government subsidies and industry assistance.

Regarding airport routes, in response to the government's requirements for epidemic control during the period, except for the sailing services from Shekou to Hong Kong International Airport, which maintains three one-way sea-to-air sailings per day, other cross-border waterway passenger sailing services involving airport routes remain suspended. During the period, despite facing an unflavored market environment, the Group recorded total number of passengers served of 34,000, representing a year-on-year increase of 9.7%. Although airport routes had been severely impacted by the epidemic, the Group continued to focus on the airport strategy, actively tackled tough transformation, and successfully won the bids for number of airport service projects. At the same time, CKPT is intensively preparing for the opening of new route between Hong Kong International Airport and Shenzhen Airport, while the code-sharing cooperation with the three major base airlines of Hong Kong International Airport was completed during the period, realising the seamless connection for sea-to-air one-ticket services.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### II. PASSENGER TRANSPORTATION BUSINESS *(Continued)*

##### *Subsidiaries (Continued)*

Regarding local ferry services, affected by the fifth wave of the epidemic in Hong Kong during the period, the government imposed gathering restriction for more than two months. In addition, the frequent rainy weather after May had led to a decrease in citizens' willingness to go out. As a result, the passenger volume of Sun Ferry Services Company Limited ("Sun Ferry") decreased compared with the same period last year. During the period, the local ferry business recorded a total number of passengers of 5,133,000, representing a year-on-year decrease of 18.1%. Facing with the adverse impact of external factors, Sun Ferry had minimised operating pressure by adjusting frequency of sailings, revitalising resources and seeking government subsidies. While continuously enhancing service quality to improve the ferry ride experience, Sun Ferry actively cooperated with the Hong Kong government to promote green city and implement the bidding for new environment-friendly passenger ferry.

Regarding water cultural tourism business, due to the fifth wave of the epidemic in Hong Kong during the period, the cruise ship "Oriental Pearl" of Oriental Pearl Cruise Company Limited (formerly known as "Cotai Chu Kong Shipping Management Services Company Limited") was suspended from 25th January to 18th May 2022. Although the Victoria Harbour Tour project was affected, the Group actively prepared for the resumption of shipping and business, maintained the operation at the Hung Hom (South) Pier, while carried out the trial berthing training of Central Pier No.8. It is expected that the berthing operation of both Hung Hom (South) and Central Pier No.8 will be realised at the earliest in the middle or late of the third quarter. "Oriental Pearl" had built a platform for water cultural tourism and business activities with its high-quality services. After the resumption of operation, it had held activities such as promotion meetings for the Hong Kong tourism industry and exclusive interviews with management, the brand awareness of "Oriental Pearl" was continuously improved through a number of news media, which had brought significance for building a new type of industry that integrates local culture and tourism in Hong Kong. During the period, a total of 188 sailings with passenger flow of 6,000 passengers were operated.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### REVIEW OF OPERATIONS (Continued)

#### II. PASSENGER TRANSPORTATION BUSINESS (Continued)

##### *Joint Ventures and Associates*

During the period, all joint ventures and associates were affected by the epidemic, and cross-border waterway passenger routes were basically suspended. During the period, the number of passengers at SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) amounted to 34,000, representing a year-on-year increase of 9.7%. Zhongshan – Hong Kong Passenger Shipping Co-op Co., Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. were completely suspended.

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 69,000 during the period, representing a year-on-year increase of 14.3%.

#### III. FUEL SUPPLY BUSINESS

As to the fuel supply business, despite the backdrop of the continuous and repeated COVID-19 epidemic, Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”) embraced challenges ahead by actively developed its business and achieved “double growth” in both diesel and engine oil sales. During the period, Sun Kong Petroleum recorded a sales volume of 15,000 tons for diesel, representing a year-on-year increase of 28.2%, and a sales volume of 228,000 litres for engine oil, representing a year-on-year increase of 10.7%. Sun Kong Petroleum on the one hand consolidated the original businesses and successfully renew the China Hong Kong City refueling project; on the other hand, seized the opportunity of competitors withdrawing from the Hong Kong market during the epidemic, and actively expand new customers. In the future, Sun Kong Petroleum will vigorously develop new businesses, further optimise the operation and service types of offshore bunkering bases, and realise revenue and profit.

## **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 revenue and profit growth compared with the same period last year. This was mainly attributed to the Sands Corporation Water Supply Pipeline Project, etc. As the Group’s Macao-based company for the property and facility maintenance business, Chu Ou Engineering, on the basis of consolidating the existing businesses, is expected to leverage the technical advantages, improve the quality of services, actively involve in bidding projects, and strive to become an important force in safeguarding the people’s livelihood in Macao.

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

The Group closely monitored its working capital and financial resources to maintain a solid financial position. As at 30th June 2022, the Group secured total credit facilities of HK\$1,184,000,000 and RMB156,490,000 (equivalent to approximately HK\$182,986,000) (31st December 2021: HK\$1,285,000,000 and RMB161,750,000 (equivalent to approximately HK\$197,835,000)) granted by bona fide banks.

As at 30th June 2022, the current ratio of the Group, representing current assets divided by current liabilities, was 1.7 (31st December 2021: 1.8).

As at 30th June 2022, the Group's cash and cash equivalents amounted to HK\$1,038,263,000 (31st December 2021: HK\$1,045,089,000), which represented 21.9% (31st December 2021: 22.2%) of the total assets.

As at 30th June 2022, the gearing ratio of the Group, representing bank borrowings divided by total equity and bank borrowings, was 11.0% (31st December 2021: 11.2%) and the debt ratio, representing total liabilities divided by total assets, was 26.2% (31st December 2021: 24.4%).

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

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

## BANK LOANS AND PLEDGE OF ASSETS

<b>Bank Loans</b>	<b>As at 30th June 2022</b>	As at 31st December 2021
Banks located in Hong Kong ( <i>Note 1</i> )		
– Hong Kong Dollar	<b>250,000,000</b>	250,000,000
Banks located in China ( <i>Note 2</i> )		
– Renminbi	<b>156,490,000 (equivalent to approximately HK\$182,986,000)</b>	161,750,000 (equivalent to approximately HK\$197,835,000)

### Note:

1. The loans from banks located in Hong Kong as at 30th June 2022 was bearing floating interest rate and unsecured. The relevant terms of which are identical to those set out in the 2021 Annual Report.
2. The loans from banks located in China as at 30th June 2022 were bearing floating interest rates and secured by the land use right of Zhongshan Huangpu Port and certain properties and the land use right of Civet Port. The relevant terms of which are identical to those set out in the 2021 Annual Report.
3. Detailed analysis on bank loans is set out in note 10 to the financial statements.

## CURRENCY STRUCTURE

As at 30th June 2022, the Group deposited its cash and cash equivalents with several reputable banks, of which the majority were denominated in Hong Kong dollar and Renminbi, with a few denominated in United States dollar, Macao pataca and Euro.

## **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 30th June 2022.

## **SIGNIFICANT INVESTMENT**

Save as disclosed in this interim report, there was no other significant investment held by the Group for the six months ended 30th June 2022.

## **CONTINGENT LIABILITIES**

As at 30th June 2022, the Group had no material contingent liabilities.

## **EMPLOYEES AND REMUNERATION**

As at 30th June 2022, the Group employed 2,194 employees (30th June 2021: 2,148) and remunerated its employees according to the duty of their positions and the market conditions. The staff costs of the Group as at 30th June 2022 amounted to HK\$289,632,000 (30th June 2021: HK\$276,049,000), such costs included basic salaries and employee benefits such as discretionary bonus, medical and insurance plans, pension scheme, and share option scheme, etc. The Group will also provide training for staff from time to time in addition to the above employee benefits.

## **EXCHANGE RISK**

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

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

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

## **SECURITIES TRANSACTIONS AND INTERESTS HELD BY THE DIRECTORS**

### **Adoption of Model Code for Securities Transaction by Directors**

The Company has adopted a code of conduct prescribing standards and requirements no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct of Directors for conducting securities transactions. All Directors have fully complied with the required standards set out in the Model Code in relation to such transactions during the accounting period covered by this interim report.

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

As at 30th June 2022, the Company has not been notified of any interests or short positions of the Directors and chief executives in the shares, underlying shares, and debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## EQUITY-LINKED AGREEMENT

### Share Option Scheme

In accordance with the share option scheme (the “Share Option Scheme”) approved and adopted on the general meeting of the Company held on 8th 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 7th December 2025. The exercise price of the share options shall be determined by the Board in its absolute discretion upon the grant of share options with reference to the fair market price and shall not be less than the higher one of the following two prices: a) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant; and b) the average closing price of the shares of Company as stated in the daily quotation sheets of the Stock Exchange for five consecutive business days immediately preceding the date of grant.

The total number of shares that may be issued under the Share Option Scheme is 108,000,000, representing 9.6% of issued shares of the Company as at the date of this interim report. On 18th 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.

## **EQUITY-LINKED AGREEMENT** *(Continued)*

### **Share Option Scheme** *(Continued)*

Please refer to the Company's circular dated 23rd 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 30th June 2022, the following persons, other than a Director or chief executives, had, or were deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

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

### Ordinary Shares of the Company

Name of Shareholders	Capacity/Nature of interest	Number of Shares <i>(Note 1)</i>	Percentage of shareholding <i>(Note 2)</i>
(i) Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE") <i>(Note 3)</i>	Beneficial owner	784,817,520 (L)	70.0%
(ii) Guangdong Provincial Port and Shipping Group Company Limited ("GDPS") <i>(Note 3)</i>	Interest of controlled corporation	784,817,520 (L)	70.0%

*Notes:*

1. The letter "L" denotes a long position in the shares of the Company.
2. Percentage of shareholding is calculated on the basis of 1,121,166,885 issued shares of the Company as at 30th June 2022.
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 30th June 2022, the Directors and chief executives were not aware of any other person who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## **INTERIM DIVIDEND**

Due to severe impacts brought by the COVID-19 epidemic, the profit attributable to equity holders of the Company in the first half of the year was far lower than the pre-pandemic level. Whilst, capital is reserved to address subsequent epidemic challenges and potential merger and acquisition opportunities, the Board decided not to declare an interim dividend for the year ending 31st December 2022 (2021 interim dividend: HK0 cent per ordinary share). Declaration on the final dividend will be subject to an integrated consideration.

## **REVIEW BY AUDIT COMMITTEE**

The Company's Audit Committee and the Company's independent auditor have reviewed the Group's unaudited consolidated interim financial information for the six months ended 30th June 2022.

Interim financial results of the Group for the six months ended 30th June 2022 have not been audited but prepared in accordance with HKAS 34 *Interim Financial Reporting* and reviewed by the independent external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

## **CORPORATE GOVERNANCE**

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

## **CORPORATE GOVERNANCE** *(Continued)*

According to the Corporate Governance Code provisions, a service term of over nine years is one of the factors in maintaining the independence of an independent non-executive director. Mr. Chan Kay-cheung (appointed in April 1998, tenure over 24 years), Ms. Yau Lai Man (appointed in January 2005, tenure over 17 years) and Mr. Chow Bing Sing (appointed in June 2011, tenure over 11 years) have served as independent non-executive directors for over nine years. During their years of service with the Company, Mr. Chan, Ms. Yau and Mr. Chow have contributed by providing objective and independent viewpoints and advice to the Company through their in-depth understanding in the Company's operation and business in relation to its businesses, operations, future development and strategy. The Board considers that Mr. Chan, Ms. Yau and Mr. Chow have the character, integrity, ability and experience required to continue to fulfill his/her role effectively. The Company believes that Mr. Chan, Ms. Yau and Mr. Chow can independently express opinions on matters of the Company and there is no evidence that his/her over nine years of service with the Company would have any impact on his/her independence and therefore his/her independence is confirmed. According to the Corporate Governance Code Part 2 B.2.3, if an independent non-executive director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. Ms. Yau retired on rotation at the annual general meeting held on 31st May 2022, and being eligible, offered herself for re-election at the said meeting. Ms. Yau had been re-appointed by a separate resolution of the Shareholders at the said meeting. Mr. Chan and Mr. Chow retired on rotation at the annual general meeting held on 21st May 2020, and being eligible, offered themselves for re-election at the said meeting. Mr. Chan and Mr. Chow had been re-appointed by separate resolutions of the Shareholders at the said meeting.

The Company will comply with the Corporate Governance Code Part 2 B.2.4(b), which will be effective beginning on or after 1st January 2023. An independent non-executive director is planned to be appointed by the Company by 2022 and approved by separate resolutions of the Shareholders at the annual general meeting in 2023.

## **DIRECTORS**

The Company is not aware of any change in the information of directors of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since 31st December 2021.

As at the date of this report, the Company's executive directors are Mr. Liu Guanghui, Mr. Zhou Jun and Mr. Liu Wuwei; non-executive director is Ms. Zhong Yan; and independent non-executive directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

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

Hong Kong, 25th August 2022

## INDEPENDENT AUDITOR'S REPORT



**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 36 to 69 which comprises the consolidated statement of financial position of Chu Kong Shipping Enterprises (Group) Company Limited as of 30 June 2022 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.

## **INDEPENDENT AUDITOR'S REPORT** *(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 2022 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

25 August 2022

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Note	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,131,353	2,173,976
Investment properties		49,038	51,946
Land use rights	7	352,305	374,052
Intangible assets		237,085	239,821
Investments in joint ventures		324,489	349,096
Investments in associates		95,686	107,622
Other financial asset		1,743	1,743
Prepayments		4,667	–
Deferred income tax assets		943	1,044
		<b>3,197,309</b>	3,299,300
<b>Current assets</b>			
Inventories and spare parts		30,359	27,134
Trade and other receivables	8	483,000	325,120
Loan to a joint venture		–	1,223
Cash and cash equivalents		1,038,263	1,045,089
		<b>1,551,622</b>	1,398,566
<b>Total assets</b>		<b>4,748,931</b>	4,697,866
<b>EQUITY</b>			
Share capital	9	1,415,118	1,415,118
Reserves		1,769,727	1,815,305
		<b>3,184,845</b>	3,230,423
Non-controlling interests		321,612	320,771
<b>Total equity</b>		<b>3,506,457</b>	3,551,194

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Note	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		100,134	100,782
Deferred income		2,267	3,849
Lease liabilities		59,061	76,379
Long term borrowings	10	164,546	181,757
		<b>326,008</b>	362,767
<b>Current liabilities</b>			
Trade payables, accruals and other payables	11	554,245	434,817
Amounts due to the non-controlling interests	12	46,487	46,769
Income tax payables		18,633	6,931
Lease liabilities		28,661	29,310
Short-term borrowings	10	250,000	250,000
Current portion of long term borrowings	10	18,440	16,078
		<b>916,466</b>	783,905
<b>Total liabilities</b>		<b>1,242,474</b>	1,146,672
<b>Total equity and liabilities</b>		<b>4,748,931</b>	4,697,866
<b>Net current assets</b>		<b>635,156</b>	614,661
<b>Total assets less current liabilities</b>		<b>3,832,465</b>	3,913,961

The notes on pages 45 to 69 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Revenue</b>	6	<b>1,601,198</b>	1,142,692
Cost of sales/services rendered		<b>(1,479,246)</b>	(1,024,274)
<b>Gross profit</b>		<b>121,952</b>	118,418
Other income	13	<b>131,725</b>	92,876
Other (losses)/gains - net	13	<b>(7,126)</b>	3,435
General and administrative expenses		<b>(146,706)</b>	(148,369)
<b>Operating profit</b>		<b>99,845</b>	66,360
Finance income		<b>5,693</b>	10,075
Finance cost		<b>(8,815)</b>	(3,740)
Share of profits less losses of:			
– Joint ventures	15	<b>(6,888)</b>	(13,663)
– Associates	15	<b>(8,014)</b>	(6,043)
<b>Profit before income tax</b>		<b>81,821</b>	52,989
Income tax expense	16	<b>(20,131)</b>	(13,293)
<b>Profit for the period</b>		<b>61,690</b>	39,696
<b>Attributable to:</b>			
Equity holders of the Company		<b>54,944</b>	26,095
Non-controlling interests		<b>6,746</b>	13,601
<b>Profit for the period</b>		<b>61,690</b>	39,696
<b>Earnings per share (HK cents)</b>			
Basic	18	<b>4.90</b>	2.33
Diluted	18	<b>4.90</b>	2.33

The notes on pages 45 to 69 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 - unaudited  
(Expressed in Hong Kong dollars)

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Profit for the period	<b>61,690</b>	39,696
<b>Other comprehensive income for the period:</b>		
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss:</i>		
Currency translation differences:		
– Subsidiaries	<b>(66,131)</b>	18,733
– Joint ventures and associates	<b>(17,873)</b>	4,678
Cash flow hedges:		
Net movement in hedging reserve, net with HK\$nil tax effect (2021: HK\$496,000)	–	(18,127)
<b>Other comprehensive income for the period, net of tax effect</b>	<b>(84,004)</b>	5,284
<b>Total comprehensive income for the period</b>	<b>(22,314)</b>	44,980
<b>Attributable to:</b>		
Equity holders of the Company	<b>(23,155)</b>	37,031
Non-controlling interests	<b>841</b>	7,949
<b>Total comprehensive income for the period</b>	<b>(22,314)</b>	44,980

The notes on pages 45 to 69 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 - unaudited  
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								Non-controlling interests	Total equity		
	Share capital	Exchange reserve	Revaluation reserve	Capital reserve	Fair value reserve (non-recycling)	Statutory reserves	Hedging reserve	Merger reserves			Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2021	1,415,118	56,764	23,009	167,717	(65)	109,185	10,876	(871,425)	2,370,423	3,281,602	349,919	3,631,521
Profit for the period	-	-	-	-	-	-	-	-	26,095	26,095	13,601	39,696
Other comprehensive income:												
Currency translation differences												
- Subsidiaries	-	17,442	-	-	-	-	-	-	-	17,442	1,291	18,733
- Joint ventures and associates	-	4,370	-	-	-	-	-	-	-	4,370	308	4,678
Cash flow hedge: net movement in hedging reserve	-	-	-	-	-	-	(10,876)	-	-	(10,876)	(7,251)	(18,127)
Transfer of reserves	-	-	-	-	-	66	-	-	(66)	-	-	-
Total comprehensive income for the period	-	21,812	-	-	-	66	(10,876)	-	26,029	37,031	7,949	44,980
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,159)	(9,159)
2020 final dividend (note 17)	-	-	-	-	-	-	-	-	(22,423)	(22,423)	-	(22,423)
At 30 June 2021	1,415,118	78,576	23,009	167,717	(65)	109,251	-	(871,425)	2,374,029	3,296,210	348,709	3,644,919

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2022 - unaudited  
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								Total equity HK\$'000			
	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	Hedging reserve HK\$'000	Merger reserves HK\$'000		Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000
At 1 July 2021	1,415,118	78,576	23,009	167,717	(65)	109,251	-	(871,425)	2,374,029	3,296,210	348,709	3,644,919
Profit for the period	-	-	-	-	-	-	-	-	17,979	17,979	8,598	26,577
Other comprehensive income:												
Currency translation differences												
- Subsidiaries	-	27,740	-	-	-	-	-	-	-	27,740	2,023	29,763
- Joint ventures and associates	-	7,475	-	-	-	-	-	-	-	7,475	460	7,935
Transfer of reserves	-	-	-	-	-	3,718	-	-	(3,718)	-	-	-
Total comprehensive income for the period	-	35,215	-	-	-	3,718	-	-	14,261	53,194	11,081	64,275
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	(118,981)	(118,981)	(33,019)	(152,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
At 31 December 2021	1,415,118	113,791	23,009	167,717	(65)	112,969	-	(871,425)	2,269,309	3,230,423	320,771	3,551,194

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2022 - unaudited  
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								Non-controlling interests	Total equity		
	Share capital	Exchange reserve	Revaluation reserve	Capital reserve	Fair value reserve (non-recycling)	Statutory reserves	Hedging reserve	Merger reserves			Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2022	1,415,118	113,791	23,009	167,717	112,969	(871,425)	(65)	—	2,269,309	3,230,423	320,771	3,551,194
Profit for the period	-	-	-	-	-	-	-	-	54,944	54,944	6,746	61,690
Other comprehensive income:												
Currency translation differences												
- Subsidiaries	-	(61,394)	-	-	-	-	-	-	-	(61,394)	(4,737)	(66,131)
- Joint ventures and associates	-	(16,705)	-	-	-	-	-	-	-	(16,705)	(1,168)	(17,873)
Transfer of reserves	-	-	-	-	-	151	-	-	(151)	-	-	-
Total comprehensive income for the period	-	(78,099)	-	-	-	151	-	-	54,793	(23,155)	841	(22,314)
2021 final dividend (note 17)	-	-	-	-	-	-	-	-	(22,423)	(22,423)	-	(22,423)
At 30 June 2022	1,415,118	35,692	23,009	167,717	112,969	(871,274)	(65)	-	2,301,679	3,184,845	321,612	3,506,457

The notes on pages 45 to 69 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		81,821	52,989
Adjustments for:			
Gains on disposals on property, plant and equipment	13	(940)	(3,134)
Share of loss of joint ventures and associates	15	14,902	19,706
Other operating activities		83,355	54,766
Changes in working capital:			
(Increase)/decrease in inventories		(3,225)	4,306
Increase in trade and other receivables		(165,943)	(78,087)
Increase in trade payables, accruals and other payables		126,516	42,691
<b>Cash generated from operations</b>		<b>136,486</b>	93,237
Income tax (paid)/refund		(8,975)	390
<b>Net cash generated from operating activities</b>		<b>127,511</b>	93,627
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(72,176)	(98,842)
Proceeds from sales of property, plant and equipment		2,046	3,813
Decrease in structured bank deposits		–	236,564
Receipt of loan repayment from a joint venture		1,223	–
Other investing activities		5,693	10,075
<b>Net cash (used in)/generated from investing activities</b>		<b>(63,214)</b>	151,610

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Cash flows from financing activities</b>			
Dividends paid	17	(22,423)	(22,423)
Dividends paid to non-controlling interests		–	(9,159)
Repayment of bank loans		(6,289)	(100,538)
Drawdown of bank loans		–	100,000
Repayment of amount due to the non-controlling interests		–	(28,090)
Other financing activities		(24,842)	(16,512)
<b>Net cash used in financing activities</b>		<b>(53,554)</b>	<b>(76,722)</b>
<b>Net increase in cash and cash equivalents</b>			
		<b>10,743</b>	168,515
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>1,045,089</b>	726,056
Effect of exchange rate changes		(17,569)	28
<b>Cash and cash equivalents at the end of the period</b>			
		<b>1,038,263</b>	894,599

The notes on pages 45 to 69 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 25 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with 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 34 to 35.

The financial information relating to the financial year ended 31 December 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the 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 Companies Ordinance.

### **3 ACCOUNTING POLICIES**

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

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

### **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 2021.

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

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

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### **4 FINANCIAL RISK MANAGEMENT** *(Continued)*

#### **(b) Fair value estimation**

The carrying values less impairment provision (if applicable) of financial assets (including cash and cash equivalents) and financial liabilities approximate to their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

In preparing the condensed consolidated interim financial information, except for fuel pricing risk, 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 2021.

### **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.

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

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### **6 SEGMENT INFORMATION** *(Continued)*

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 condensed consolidated income statement.

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

## 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
<b>Six months ended</b>						
<b>30 June 2021</b>						
Total revenue	853,608	248,345	127,321	46,470	16,357	1,292,101
Inter-segment revenue	(45,627)	(72,275)	-	(21,479)	(10,028)	(149,409)
Revenue (from external customers)	807,981	176,070	127,321	24,991	6,329	1,142,692
Segment profit before income tax expense	22,734	31,064	(10,875)	(3,228)	13,294	52,989
Income tax expense	(2,647)	(6,875)	(1,458)	-	(2,313)	(13,293)
<b>Segment profit after income tax expense</b>	20,087	24,189	(12,333)	(3,228)	10,981	39,696
<b>Segment profit before income tax expense includes:</b>						
Finance income	230	248	26	-	9,571	10,075
Finance cost	(655)	(1,648)	(763)	(13)	(661)	(3,740)
Depreciation and amortisation	(8,497)	(53,805)	(12,492)	(1,518)	(3,922)	(80,234)
Share of profits less losses of:						
Joint ventures	1,542	3,366	(18,571)	-	-	(13,663)
Associates	-	2,606	(8,649)	-	-	(6,043)

## 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 2022, 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\$459,000 (six months ended 30 June 2021: HK\$79,524,000).

#### (b) Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with a cost of HK\$72,176,000 (six months ended 30 June 2021: HK\$98,842,000).

Items with aggregated net book value of HK\$1,106,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$679,000), resulting in a gain on disposal of HK\$940,000 (six months ended 30 June 2021: gain of HK\$3,134,000).

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 8 TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Trade receivables:		
– third parties	<b>294,185</b>	162,321
– fellow subsidiaries	<b>14,704</b>	18,101
– other related companies	<b>9,724</b>	10,077
Trade receivables, net (note (a)):	<b>318,613</b>	190,499
Other receivables:		
– third parties	<b>107,366</b>	81,619
– immediate holding company (note (b))	<b>21,165</b>	15,242
– fellow subsidiaries (note (b))	<b>9,940</b>	9,444
– joint ventures and associates (note (b))	<b>25,916</b>	28,316
	<b>164,387</b>	134,621
Total trade and other receivables	<b>483,000</b>	325,120

## 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:

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Within 3 months	<b>270,790</b>	151,244
4 to 6 months	<b>22,621</b>	10,760
7 to 12 months	<b>3,692</b>	2,692
Over 12 months	<b>23,181</b>	27,972
	<b>320,284</b>	192,668
Less: loss allowance	<b>(1,671)</b>	(2,169)
	<b>318,613</b>	190,499

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 repayable on demand. All other receivables due from related parties of the Company, apart from certain receivables totalling HK\$6,375,000 (31 December 2021: HK\$5,718,000), are expected to be recovered or recognised as an expense within one year.
- (c) The carrying amount 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 2022 and 31 December 2021	1,121,167	1,415,118

### 10 BORROWINGS

	As at 30 June 2022 HK\$’000	As at 31 December 2021 HK\$’000
<b>Fixed rate borrowings:</b>		
Secured, bank loans	<b>116,920</b>	128,425
<b>Variable rate borrowings:</b>		
Unsecured, bank loans	<b>250,000</b>	250,000
Secured, bank loans	<b>66,066</b>	69,410
	<b>432,986</b>	447,835
Less: current portion	<b>(268,440)</b>	(266,078)
	<b>164,546</b>	181,757

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 10 BORROWINGS (Continued)

The maturity of the bank loans is as follows:

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Repayable within one year	<b>268,440</b>	266,078
Repayable within one to two years	<b>18,440</b>	19,288
Repayable within two to five years	<b>68,767</b>	68,413
Repayable more than five years	<b>77,339</b>	94,055
	<b>432,986</b>	447,835
Current portion included in current liabilities	<b>(268,440)</b>	(266,078)
	<b>164,546</b>	181,757

The secured bank loans at 30 June 2022 were secured by certain land use rights, investment properties and property, plant and equipment of the Group with net book value amounting to HK\$130,672,000 (31 December 2021: HK\$133,728,000), HK\$36,478,000 (31 December 2021: HK\$39,078,000) and HK\$146,056,000 (31 December 2021: HK\$155,704,000) respectively. The secured bank loans are denominated in Renminbi, and interest-bearing at the base lending rate announced by the People's Bank of China ("PBOC").

At 30 June 2022, bank loans of HK\$250,000,000 (31 December 2021: HK\$250,000,000) are interest-bearing at a rate of 0.75% to 0.8% over Hong Kong Interbank Offered Rate ("HIBOR"). At 30 June 2022, bank loan of HK\$66,066,000 (31 December 2021: HK\$69,410,000) is interest-bearing at a rate of Loan Prime Rate ("LPR") minus 0.5%. At 30 June 2022, bank loans of HK\$116,920,000 (31 December 2021: HK\$128,425,000) is interest bearing at a fixed rate of 4.38%.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 11 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Trade payables (note (a) and (b)):		
– third parties	<b>292,064</b>	161,785
– immediate holding company	<b>9,165</b>	8,148
– fellow subsidiaries	<b>9,460</b>	6,548
– joint ventures and associates	<b>8,764</b>	12,389
– other related companies	<b>2,322</b>	2,539
	<b>321,775</b>	191,409
Accruals and other payables:		
– third parties	<b>195,033</b>	203,845
– immediate holding company (note (b))	<b>12,148</b>	20,207
– fellow subsidiaries (note (b))	<b>5,287</b>	1,622
– joint ventures and associates (note (b))	<b>2,139</b>	2,528
Contract liabilities	<b>17,863</b>	15,206
	<b>232,470</b>	243,408
	<b>554,245</b>	434,817

## 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:

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Within 3 months	<b>250,274</b>	147,473
4 to 6 months	<b>34,386</b>	16,949
7 to 12 months	<b>32,440</b>	15,866
Over 12 months	<b>4,675</b>	11,121
	<b>321,775</b>	191,409

- (b) Trade payables, accruals and other payables due to related parties are unsecured and interest-free. Trade payables to related parties have similar terms of settlement as those of third party payables whereas other payables to related parties are repayable on demand.
- (c) The carrying amount of trade payables, accruals and other payables approximate their fair values.

### 12 AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Unsecured loans		
– at floating rates (note (a))	<b>6,127</b>	6,409
– interest-free (note (b))	<b>40,360</b>	40,360
	<b>46,487</b>	46,769

Notes:

- (a) The amounts are denominated in RMB, unsecured and interest-bearing at the base lending rate announced by the PBOC and repayable on demand (31 December 2021: base lending rate announced by the PBOC).
- (b) The amounts are denominated in Hong Kong dollars, unsecured and repayable on demand.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 13 OTHER INCOME

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Management fee income from Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	<b>20,000</b>	20,000
Property rental income	<b>13,140</b>	11,438
Government grants and subsidies	<b>88,434</b>	48,489
Insurance compensation	<b>–</b>	3,585
Others	<b>10,151</b>	9,364
	<b>131,725</b>	92,876

### Other (losses)/gains – net

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Exchange (loss)/gains, net	<b>(8,079)</b>	301
Gains on disposals of property, plant and equipment (note 7(b))	<b>940</b>	3,134
Reversal of loss allowance of trade receivables	<b>13</b>	–
	<b>(7,126)</b>	3,435

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 14 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Amortisation of land use rights	<b>5,876</b>	5,877
Amortisation of intangible assets	<b>978</b>	821
Depreciation of owned property, plant and equipment	<b>58,066</b>	55,775
Depreciation of right-of-use assets	<b>15,208</b>	17,119
Depreciation of investment properties	<b>624</b>	642
Lease payments for short-term leases		
– vessels and barges	<b>76,829</b>	66,635
– buildings	<b>4,245</b>	3,043

## 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

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Share of profits less losses before income tax of		
– joint ventures	<b>(5,538)</b>	(12,887)
– associates	<b>(7,501)</b>	(5,155)
	<b>(13,039)</b>	(18,042)
Share of income tax of		
– joint ventures	<b>(1,350)</b>	(776)
– associates	<b>(513)</b>	(888)
	<b>(1,863)</b>	(1,664)
	<b>(14,902)</b>	(19,706)

### 16 INCOME TAX EXPENSE

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Current income tax		
– Hong Kong profits tax	<b>9,772</b>	7,515
– Mainland China corporate income tax	<b>10,905</b>	5,781
Deferred income tax expense	<b>(546)</b>	(3)
	<b>20,131</b>	13,293

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 16 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. Mainland China corporate income tax has been calculated on the estimated assessable profit for the period at the income tax rate of 25% (2021: 25%).

### 17 DIVIDENDS

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

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Final dividend paid/payable for 2021 of HK2 cents (2021: HK2 cents for 2020) per ordinary share	<b>22,423</b>	22,423

At the board meeting held on 23 March 2022, the directors proposed a final dividend of HK2 cents (2021: final dividend of HK2 cents) per ordinary share for the year ended 31 December 2021. Such proposal was subsequently approved by shareholders on 31 May 2022. The aggregate amount of the dividend is estimated to be HK\$22,423,000 (2021: HK\$22,423,000).

## 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.

	<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021
Profit attributable to equity holders of the Company (HK\$'000)	<b>54,944</b>	26,095
Weighted average number of ordinary shares in issue ('000)	<b>1,121,167</b>	1,121,167
Basic earnings per share (HK cents)	<b>4.90</b>	2.33

The amount of dilutive earnings per share is the same as basic earnings per share for the six months ended 30 June 2022 and 2021 as there were no dilutive potential ordinary shares in issue.

### 19 COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

	<b>As at 30 June 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Property, plant and equipment: Contracted but not provided for	<b>25,453</b>	75,653
Authorised but not contracted for	<b>4,000</b>	–
	<b>29,453</b>	75,653

## **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 70% (31 December 2021: 70%) of the Company's ordinary shares at 30 June 2022. The parent company of the Group is Guangdong Provincial Port & Shipping Group Company Limited ("GDPS"), a state-owned enterprise established in the PRC. GDPS itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

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

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in 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 2022 and 2021.

## 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 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Revenues:</b>			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)	<b>2,080</b>	3,055
– joint ventures and an associate		<b>248</b>	247
– other related companies			
Sub-baggage handling services fees	(i)	<b>19</b>	19
– a related company			
Management service fees	(ii)	<b>20,000</b>	20,000
– immediate holding company			
Staff management service fees			
– joint ventures	(iii)	<b>5,253</b>	5,638
– a related company	(iii)	<b>132</b>	132
Vessel rental income	(i)		
– a joint venture		<b>2,372</b>	970
– a related company		<b>1,370</b>	1,656
Interest income	(iv)		
– a joint venture		<b>22</b>	52

## 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 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Revenues: (Continued)</b>			
Fuel supply income	(i)		
– fellow subsidiaries		<b>7,768</b>	3,980
Marine bunkering service fees	(i)		
– fellow subsidiaries		<b>204</b>	74
– other related companies		<b>90</b>	90
Consulting and software service	(iii)		
– a fellow subsidiary		<b>294</b>	508
– joint ventures and associates		<b>221</b>	433
– other related companies		–	10
Agency fee income			
– fellow subsidiaries		<b>77</b>	76
– a joint venture and an associate		<b>9</b>	76
– other related companies		<b>68</b>	143
<b>Expenses:</b>			
Shipping agency, river trade cargo direct shipment and transshipment expenses	(i)		
– a joint venture and an associate		<b>2,759</b>	2,092
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– a fellow subsidiary		–	381
– joint ventures and an associate		<b>22,367</b>	24,235
– a related company		<b>8,512</b>	3,953

## 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 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Expenses: (Continued)</b>			
Vessel rental expenses	(i)		
– a joint venture		<b>20,756</b>	18,449
– a fellow subsidiary		<b>3,700</b>	3,052
Warehouse rental expenses	(v)		
– immediate holding company		<b>2,500</b>	2,500
Office rental expenses	(i)		
– immediate holding company		<b>3,917</b>	3,708
– fellow subsidiaries		<b>879</b>	863
Staff quarter rental expenses	(i)		
– immediate holding company		<b>1,235</b>	1,430
Loan interest expenses	(vi)		
– non-controlling interests		<b>136</b>	221
Property management fee expense	(iii)		
– a fellow subsidiary		<b>312</b>	344
IT management fee expense	(vii)		
– immediate holding company		<b>1,474</b>	1,474
Repair and maintenance expenses	(i)		
– a fellow subsidiary		<b>4,893</b>	5,650

## 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:

- (i) These transactions were conducted at terms pursuant to agreements as entered into between the Group and the respective related parties or as mutually agreed between the Group and the respective related parties.
- (ii) Management fee was charged to CKSE for provision of services to a number of subsidiaries and joint ventures of CKSE in Hong Kong and the Mainland China. 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.
- (iii) Management, consulting and software service fees were charged based on the actual costs incurred for the service provided.
- (iv) Interests were charged to a joint venture and fellow subsidiaries in respect of loans at the base lending rate announced by the PBOC or fixed rate of 3% per annum (2021: base lending rate announced by the PBOC or fixed rate of 3% per annum) pursuant to the agreements entered into between the Group and the joint venture and fellow subsidiaries.
- (v) The Group leased a warehouse from CKSE and rental was charged by CKSE pursuant to the agreement governing the transaction.
- (vi) Interests were charged by the non-controlling interests in respect of loans bearing interest rates at the base lending rate announced by the PBOC (2021: base lending rate announced by the PBOC).
- (vii) Management fee expenses were charged at HK\$245,628 per month (2021: HK\$245,628) for IT services as set out in the agreement governing these transactions.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

### 20 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Key management compensation

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
Salaries and allowances	<b>2,993</b>	3,095
Directors' fees	<b>720</b>	360
Retirement benefit scheme contributions	<b>45</b>	45
	<b>3,758</b>	3,500

#### (c) Loan to a joint venture

	<b>Six months ended 30 June 2022 HK\$'000</b>	Six months ended 30 June 2021 HK\$'000
As at 1 January	<b>1,223</b>	2,376
Repayment received	<b>(1,223)</b>	–
Exchange differences	<b>–</b>	27
As at 30 June	<b>–</b>	2,403

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

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

### NON-EXECUTIVE DIRECTOR

Ms. Zhong Yan

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### COMPANY SECRETARY

Ms. Cheung Mei Ki Maggie

### EXECUTIVE COMMITTEE

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

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

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

### AUDITOR

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

### PRINCIPAL BANKS

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

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