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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code : 00560)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR 2024**

### **CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors of the Company (the "**Board**"), I hereby present the interim results of Chu Kong Shipping Enterprises (Group) Company Limited (the "**Company**") and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 to the shareholders of the Company (the "**Shareholders**") for their review.

### **REVIEW**

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

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

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

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

## OUTLOOK

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

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

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

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

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

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all of our investors and partners who have shown tremendous supports to the Group, as well as to our management and staff who have worked hard to strive toward better results for the Group. We will continue to strive to create greater value for Shareholders.

**Liu Guanghui**  
*Chairman*

Hong Kong, 26 August 2024

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>71,506</b>	62,295
<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>(15,845)</b>	(56,555)
- Joint ventures and associates	<b>(2,270)</b>	(11,783)
<b>Other comprehensive income for the period, net of tax and reclassification effect</b>	<b>(18,115)</b>	(68,338)
<b>Total comprehensive income for the period</b>	<b>53,391</b>	(6,043)
<b>Attributable to:</b>		
Equity holders of the Company	<b>51,252</b>	(5,422)
Non-controlling interests	<b>2,139</b>	(621)
<b>Total comprehensive income for the period</b>	<b>53,391</b>	(6,043)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	<i>Note</i>	<b>As at 30 June 2024 HK\$'000</b>	<b>As at 31 December 2023 HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,934,630</b>	1,983,891
Investment properties		<b>43,847</b>	44,510
Land use rights		<b>309,509</b>	325,374
Intangible assets		<b>231,205</b>	232,296
Investments in joint ventures		<b>293,894</b>	302,488
Investments in associates		<b>132,191</b>	122,468
Deferred income tax assets		<b>1,294</b>	1,306
Other non-current assets		<b>15,394</b>	16,851
		<b>2,961,964</b>	3,029,184
<b>Current assets</b>			
Inventories and spare parts		<b>20,655</b>	21,225
Trade and other receivables	5	<b>564,097</b>	457,099
Bank deposits and cash and cash equivalents		<b>963,975</b>	1,038,838
		<b>1,548,727</b>	1,517,162
<b>Total assets</b>		<b>4,510,691</b>	4,546,346
<b>EQUITY</b>			
Share capital		<b>1,415,118</b>	1,415,118
Reserves		<b>1,766,982</b>	1,771,788
		<b>3,182,100</b>	3,186,906
Non-controlling interests		<b>313,275</b>	311,136
<b>Total equity</b>		<b>3,495,375</b>	3,498,042

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**  
**AS AT 30 JUNE 2024**

		As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		89,633	91,295
Lease liabilities		48,368	50,487
Long-term borrowings		112,796	118,125
Other payables		9,775	10,174
		<u>260,572</u>	<u>270,081</u>
<b>Current liabilities</b>			
Trade payables, accruals and other payables	6	457,793	486,937
Amounts due to the non-controlling interests		40,360	40,360
Income tax payables		23,104	15,064
Lease liabilities		14,871	18,460
Short-term borrowings		200,000	200,000
Current portion of long-term borrowings		18,616	17,402
		<u>754,744</u>	<u>778,223</u>
<b>Total liabilities</b>		<u>1,015,316</u>	<u>1,048,304</u>
<b>Total equity and liabilities</b>		<u>4,510,691</u>	<u>4,546,346</u>
<b>Net current assets</b>		<u>793,983</u>	<u>738,939</u>
<b>Total assets less current liabilities</b>		<u>3,755,947</u>	<u>3,768,123</u>



## NOTES

### 1. Statement of compliance

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

### 2. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 26 August 2024.

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

### 3. Change in accounting policies

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

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

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

#### **4. Segment information**

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

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

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

The executive directors of the Company assess the performance of the operating segments based on their segment profit before income tax expense, which is measured in a manner consistent with that in the interim financial information.

Sales between segments are carried out on terms equivalent to those that prevail with third parties. The revenue from external parties reported to the executive directors of the Company is measured in a manner consistent with that in the unaudited consolidated income statement.

#### 4. Segment information (Continued)

	Cargo transportation <i>HK\$'000</i>	Cargo handling and storage <i>HK\$'000</i>	Passenger transportation <i>HK\$'000</i>	Fuel supply <i>HK\$'000</i>	Corporate and other businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2024</b>						
Total revenue	881,333	259,548	171,319	270,747	37,636	1,620,583
Inter-segment revenue	(51,281)	(81,554)	-	(69,593)	(29,444)	(231,872)
<b>Revenue (from external customers)</b>	<b>830,052</b>	<b>177,994</b>	<b>171,319</b>	<b>201,154</b>	<b>8,192</b>	<b>1,388,711</b>
Segment profit before income tax expense	12,494	27,076	22,298	4,738	18,501	85,107
Income tax expense	(1,517)	(8,953)	(1,041)	-	(2,090)	(13,601)
<b>Segment profit after income tax expense</b>	<b>10,977</b>	<b>18,123</b>	<b>21,257</b>	<b>4,738</b>	<b>16,411</b>	<b>71,506</b>
<b>Segment profit before income tax expense includes:</b>						
Finance income	371	2,877	955	8	7,716	11,927
Finance cost	(449)	(7,305)	(1,940)	(5)	(3,168)	(12,867)
Depreciation and amortisation	(4,691)	(53,093)	(12,814)	(1,347)	(1,403)	(73,348)
Share of profits less losses of:						
Joint ventures	1,679	4,117	2,200	-	-	7,996
Associates	-	2,078	11,250	-	-	13,328

#### 4. Segment information (Continued)

	Cargo transportation <i>HK\$'000</i>	Cargo handling and storage <i>HK\$'000</i>	Passenger transportation <i>HK\$'000</i>	Fuel supply <i>HK\$'000</i>	Corporate and other businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2023</b>						
Total revenue	782,692	283,895	167,381	229,558	35,561	1,499,087
Inter-segment revenue	(58,553)	(110,870)	-	(66,273)	(30,261)	(265,957)
<b>Revenue (from external customers)</b>	<b>724,139</b>	<b>173,025</b>	<b>167,381</b>	<b>163,285</b>	<b>5,300</b>	<b>1,233,130</b>
Segment profit before income tax expense	7,175	36,500	18,732	2,468	11,875	76,750
Income tax expense	(722)	(10,504)	(1,784)	-	(1,445)	(14,455)
<b>Segment profit after income tax expense</b>	<b>6,453</b>	<b>25,996</b>	<b>16,948</b>	<b>2,468</b>	<b>10,430</b>	<b>62,295</b>
<b>Segment profit before income tax expense includes:</b>						
Finance income	111	2,041	55	4	6,419	8,630
Finance cost	(139)	(7,910)	(2,147)	(6)	(1,863)	(12,065)
Depreciation and amortisation	(4,342)	(55,191)	(16,227)	(978)	(2,790)	(79,528)
Share of profits less losses of:						
Joint ventures	615	3,191	1,205	-	-	5,011
Associates	-	2,102	7,641	-	-	9,743

## 5. Trade and other receivables

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 aging analysis of trade receivables by invoice date is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 3 months	301,374	244,638
4 to 6 months	28,722	25,018
7 to 12 months	14,203	2,104
Over 12 months	28,495	28,515
	<b>372,794</b>	<b>300,275</b>
Less: loss allowance	<b>(8,764)</b>	<b>(8,434)</b>
	<b>364,030</b>	<b>291,841</b>

## 6. Trade payables, accruals and other payables

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 3 months	255,213	258,911
4 to 6 months	31,618	20,979
7 to 12 months	10,002	8,361
Over 12 months	2,952	2,710
	<b>299,785</b>	<b>290,961</b>

## 7. Profit before taxation

Profit before taxation is stated after charging the following:

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

## 8. Other gains / (losses) – net

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

## 9. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period.

The People's Republic of China ("PRC") corporate income tax has been calculated on the estimated assessable profit of the PRC entities for the period at the income tax rate of 25% (2023: 25%).

Macao profits tax has been provided at the rate of 12% (2023: 12%) on the estimated assessable profit of the Macao entities for the period.

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

## 10. Dividends

On 26 August 2024, the Board declared an interim dividend of HK2 cents per ordinary share (2023 interim dividend: nil) for the year ending 31 December 2024. These dividends declared are not reflected as a dividend payable in this unaudited condensed consolidated interim financial information, but will be reflected as an appropriation of the retained profits of the Company for the year ending 31 December 2024.



## 11. Earnings per share

### Basic and Diluted

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.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF OPERATIONS

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

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

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

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

## I. TERMINAL NAVIGATION LOGISTICS BUSINESS

### 1. Cargo Transportation Business

#### **Business Operation Indicators**

Performance statistics of our major business operations are as follows:

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

#### **Subsidiaries**

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

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

## 2. Cargo Handling and Storage Business

### Business Operation Indicators

Performance statistics of our major business operations are as follows:

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

### Subsidiaries

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

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

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

### **Subsidiaries (Continued)**

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

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

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

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

## **Joint Ventures and Associates**

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

## II PASSENGER TRANSPORTATION BUSINESS

### Business Operation Indicators

Performance statistics of the major business operations are as follows:

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

### Subsidiaries

The Group's operation of the cross-border waterway passenger route has gradually recovered. Even though the cross-border passenger transportation business of the Group in the first half of the year has increased significantly compared with the same period last year, there was still a gap as compared with the pre-pandemic level. During the period, the total number of passengers for agency services of CKPT amounted to 877,000, representing a significant increase of 35.5% year-on-year; the number of passengers for terminal services of CKPT amounted to 586,000, representing a significant increase of 38.5% year-on-year.

Regarding urban routes, CKPT currently operates seven routes normally, including the six routes of Zhongshan, Nansha, Shekou, Shenzhen Airport, Shunde and Pazhou to China Ferry Terminal respectively, as well as a route of Pazhou to Hong Kong-Macao Ferry Terminal, which the number of passengers served during the period amounted to 559,000. Regarding airport routes, CKPT currently operates six routes normally, including Zhongshan, Shekou, Humen, Pazhou, Shenzhen Airport, and Nansha, which the number of passengers served during the period amounted to 318,000. With persistently improving integrated transport system in the Guangdong-Hong Kong-Macao Greater Bay Area, combined with the fact that other cross-border waterway passenger routes, except for the route between Shekou and the Hong Kong International Airport, were long suspended during the epidemic, the way people travel has changed during the epidemic. It is expected that the number of passengers served by the cross-border passenger transportation business would be hard to restore to the pre-pandemic level in a short period of time.

CKPT utilised new media to continuously release promotional videos and held multiple live broadcasting events, successfully opening up channels for ticket sales and route promotions. CKPT continued to deepen its strategy for Hong Kong International Airport, actively promoting the renewal of the operational management contract of the SkyPier, and successfully won the bid for the new phase of the passenger self-service check-in service project at Hong Kong International Airport.

## **Subsidiaries (Continued)**

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

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

## **Joint Ventures and Associates**

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

The shuttle bus business for the Hong Kong-Zhuhai-Macao Bridge jointly operated by Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd., an associate of the Group, recorded a number of passengers of 9,697,000 during the period, surpassing pre-pandemic levels for the same period.



### III. FUEL SUPPLY BUSINESS

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

### IV. CORPORATE AND OTHER BUSINESSES

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

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

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

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

The Group closely monitored its working capital and financial resources to maintain a solid financial position. As at 30 June 2024, the Group secured total credit facilities of HK\$1,185,000,000 and RMB119,940,000 (equivalent to approximately HK\$131,412,000) (31 December 2023: HK\$1,186,650,000 and RMB122,815,000 (equivalent to approximately HK\$135,527,000)) granted by bona fide banks.

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

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

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

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

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

## BANK LOANS AND PLEDGE OF ASSETS

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

Note:

1. The loans from banks located in Hong Kong as at 30 June 2024 was bearing floating interest rate and unsecured.
2. The loans from banks located in China as at 30 June 2024 were bearing floating interest rates and secured by certain land use rights, investment properties and property, plant and equipment of the Group.

## CURRENCY STRUCTURE

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

## CAPITAL COMMITMENTS

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

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

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

Save as disclosed in this announcement, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures, and associates for the six months ended 30 June 2024.

## **SIGNIFICANT INVESTMENT**

Save as disclosed in this announcement, there was no other significant investment held by the Group for the six months ended 30 June 2024.

## **CONTINGENT LIABILITIES**

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

## **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.

## **ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted a code of conduct prescribing standards and requirements no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct of Directors for conducting securities transactions. All directors of the Company (the “**Directors**”) have fully complied with the required standards set out in the Model Code in relation to such transactions during the accounting period covered by 2024 interim report.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”) (the “**Listing Rules**”) will be published on the websites of the SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cksd.com](http://www.cksd.com)) in due course.

## **INTERIM DIVIDEND**

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

## **CLOSURE OF REGISTER MEMBERS**

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

## **REVIEW BY AUDIT COMMITTEE**

The Company’s Audit Committee and the Company’s independent auditor have reviewed the Group’s unaudited consolidated interim financial information for the six months ended 30 June 2024.

Interim financial report of the Group for the six months ended 30 June 2024 is prepared in accordance with HKAS 34, *Interim Financial Reporting*, unaudited but has been reviewed by the independent external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by HKICPA.

## CORPORATE GOVERNANCE

The Directors have adopted various policies to ensure compliance with the code of the Corporate Governance Code (the “**Code**”) under Appendix C1 of the Listing Rules. In the opinion of the directors, the Company complied with the Code throughout the accounting period covered by the interim report except as disclosed below.

According to the provisions of the Code, a service term of over nine years is one of the key factors in maintaining the independence of an independent non-executive director. Mr. Chan Kay-cheung (“**Mr. Chan**”) and Ms. Yau Lai Man (“**Ms. Yau**”) have served as independent non-executive Directors for over nine years. During their year of service with the Company, Mr. Chan and Ms. Yau have contributed by providing objective and independent viewpoints and advice to the Company through their in-depth understanding in the Company’s operation and business in relation to its businesses, operations, future development and strategy. The Board considers that Mr. Chan and Ms. Yau have the character, integrity, ability and experience to continue to fulfill his/her role as required effectively. The nomination committee of the Company, having separately assessed and reviewed each of Mr. Chan’s and Ms. Yau’s duties, contributions and scope of work, also believes that Mr. Chan and Ms. Yau can independently express opinions on matters of the Company without intervention and there is no evidence that his/her over nine years of service with the Company would have any impact on his/her independence and therefore his/her independence is confirmed. According to the Code B.2.3, if an independent non-executive director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by the Shareholders.

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

## **DIRECTORS**

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

Saved as disclosed above, the Company is not aware of any change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since 31 December 2023.

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

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

Hong Kong, 26 August 2024