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珠江船務企業(股份)有限公司
Chu Kong Shipping Enterprises (Group) Co., Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00560)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2016

CHAIRMAN'S STATEMENT

On behalf of the board of directors, I hereby present the interim results announcement of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") for the period ended 30th June 2016 for the shareholders' perusal.

REVIEW AND OUTLOOK

In the first half of 2016, the global economic recovery has weakened and the PRC economy continued to slow down. The management of the Group diligently implemented the decisions put forth by the board of directors of the Company (the "Board"), took a proactive attitude to overcome challenges encountered in the course of business, made vigorous efforts to explore new markets and pushed forward business transformation and upgrade, so as to maintain stable business development under the harsh operating environment. As the acquisitions of Sun Kong Petroleum Company Limited ("Sun Kong Petroleum") and Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Macau Cotai") were completed during the period, the financial information of the first half of 2015 of the Group was restated. As the fuel selling prices of Sun Kong Petroleum followed the falling trend of international prices, the Group recorded a consolidated revenue of HK$1,104,062,000, representing a decrease of 11.5% over the same period last year. Profit attributable to equity holders of the Company amounted to HK$144,197,000, representing an increase of 3.1% over the same period last year.

Regarding terminal logistics business, during the period, China's imports and exports trended lower, with dropping bulk commodity prices and continuous decrease in the container throughput in Hong Kong. Under the challenging macro-economic environment, the Group maintained a steady performance, with slight decrease in certain businesses. During the period, the Group recorded a container handling volume of 645,000 TEU, representing a year-on-year decrease of 5.6%, and a container transportation volume of 673,000 TEU, representing a year-on-year increase of 2.2%. The Group actively proceeded with the following tasks:

Firstly, the Group integrated the terminal network at the Pearl River Delta, and promoted professional management. Through efforts such as resource sharing, centralised procurement, environmental protection and energy-saving, the terminal business of several subsidiaries and joint ventures of the Group maintained growth momentum in the face of enormous external difficulties. By seizing the opportunities arising from the relocation of terminals in Zhuhai, Civet Port reinforced sales and marketing efforts to successfully attract surrounding cargo sources, achieving a container handling volume of 110,000 TEU, representing an increase of 34.1% on a year-on-year basis. Sanbu Port proactively introduced shipping companies and freight forwarders in Jiangmen and extended the scope of cooperation, and recorded a container handling volume of 64,000 TEU during the period, representing a year-on-year increase of 22.0%. Heshan Port recorded a substantial increase in container handling volume for imported cargos such as renewable resources and rubber wood, recording an increase of 80.4% in cargo container handling volume and an increase of 41.1% in net profit.

Secondly, the Group improved warehousing facilities, upgraded technology and equipment, and extended the scope of integrated logistics services. In addition to the renewal of warehousing contract between Chu Kong Transhipment & Logistics Company Limited ("CKTL") and the aircraft engineering company, a new project on fixed-point/fixed-line delivery service on the airside of the Hong Kong airport was awarded to CKTL, laying a solid foundation for further exploration of air freight services and transformation into an airport satellite warehouse. Meantime, CKTL carried out preparation works for an e-Commerce distribution center, and has conducted business discussions with several e-Commerce companies. CKTL also has undertaken the logistics transportation services for engineering projects of Gree Group, providing a series of logistics service solutions. In addition, the Group has increased efforts to expand its overseas business network. Following the establishment of freight forwarding companies in Singapore and Malaysia, the Group actively pushed forward the preparation works for establishing a new freight forwarder in Thailand.

Thirdly, riding on the opportunity arising from the rapid development of e-Commerce, the Group committed to expand and strengthen the Nansha Cross-Border E-Commerce Center. During the period, Nansha Logistics Park which is in the custody of the Group, ran smoothly. Warehouse No.4 was completed and put into operation successfully, and more efforts will be made to expedite the construction of Warehouse No.8 in the second half of 2016.

Fourthly, the Group introduced advanced concepts to promote innovation, so as to improve its operational efficiency. The Group facilitated the pilot project of ownership reform in Gaoming Port. Moreover, the Group introduced the Material Requirements Planning management approach for the international logistics supply chain which helped to significantly reduce costs.

Regarding high-speed passenger ferry transportation, affected by various factors such as foggy weather and the social and political climate of Hong Kong, the total number of passengers decreased to some extent. In response to such adverse factors, the Group actively carried out the following works:

Firstly, the Group implemented the strategies of "transformation and upgrade" and "going overseas" for the high-speed passenger ferry transportation. The Group promoted the middle to high-end tourism project "Victoria Harbour Tour", speeding up localisation of its business services. The Group also actively explored overseas projects in Saipan, Tinian Island and Cambodia to exploit new markets.

Secondly, the Group explored innovation in business integration and ownership reform, so as to maximise overall efficiency. The Group pushed forward the business integration between Chu Kong Tourism Company Limited ("CK Tourism") and Guangdong Chu Kong International Travel Agency to take advantage of the travel platforms of Mainland and Hong Kong.

Thirdly, the Group facilitated the replacing of ferries and stepped up efforts for business exploration. The Group assisted ship owners to speed up the replacing of ferries, so as to drive profit growth by introducing new projects. The Group continued to promote all-around cooperation with Nansha Ferry Terminal, to implement the strategy of intermediate ports and to cooperate with ship owners in Zhuhai for the exploration of sight-seeing routes.

Fourthly, the Group increased sales and marketing efforts and enhanced cooperation with the tourism industry. The Group strengthened cooperation with Disneyland, Zhuhai Changlong, Hong Kong Ocean Park, Istudent Tour (HK) by organising fraternity gathering events, so as to broaden its customer base. Chu Kong High Speed Ferry Company Limited ("CKHSF"), a subsidiary of the Group, took proactive measures to reinforce cooperation with ship owners, and launched promotion campaigns focusing on Macau to consolidate and expand its customer base in the Macau market.

Fifthly, the Group expanded its cooperation with the Airport Authority Hong Kong and airline companies, with an aim to increase the number of passengers for the airport routes. A memorandum of understanding (MOU) was entered into with Cathy Pacific Airways to assist the airline company in launching upstream pre-boarding service and conducting relevant specialised trainings. Meanwhile, the Group cooperated with the Airport Authority Hong Kong, so as to strengthen its cooperation relationship with the Airport Authority Hong Kong.

Sixthly, the Group utilised "Internet+" to promote marketing and ticket sales. The Group pushed forward the connection with the systems of the internet companies and airline companies to advance cooperation in ticket agency services. Moreover, the Group upgraded CotaiJet mobile apps by adding the payment methods such as PayPal and Facebook, so as to improve transaction convenience and perfect its ferry ticket sales network.

Regarding fuel supply and other business, the Company successfully completed acquisitions of Sun Kong Petroleum and Macau Cotai held by the parent company for a total consideration of approximately HK$252 million during the period. The acquisitions improved the Company's business chain, promoted the Company's business expansion strategy in Macau, to further consolidate its core businesses and enhance its profitability.

In the second half of 2016, the economic situation is likely to be both complex and uncertain, and the shipping industry remains challenging. Adopting a reform and innovation approach, the Group will continue to improve its core competitiveness through resource integration, professional management, and product innovations, with an aim to maintain steady development under a challenging external operating environment.

The Group will focus on the following tasks: Firstly, the Group will expedite the transformation and upgrade of the logistics sector. The Group will take steps to promote regional management and rationalise regional competition to maximise the Group's economic benefits. The Group will optimise route settings for regular liners, and continue to expand domestic route coverage. Furthermore, the Group will continue to expand its integrated logistics services with Chu Kong Godown Wharf in Hong Kong, Nansha Logistics Park and Zhuhai Civet Port as its logistics bases. In the meantime, efforts will be made to improve the service quality and retain existing customers and to attract new customers for the integrated logistics business. Secondly, the Group will seek to make new breakthrough in its business model and identify new growth drivers for the high-speed passenger ferry transportation business. The Group will expand the depth and breadth of cooperation with the tourism industry, and enhance business promotion, with an aim to attract new customers. The Group will strengthen the application of "Internet+" to improve the efficiency of ticket sales. Efforts will be made to assist the renewal of high-speed ferries using new material. The Group will also proactively make preparation for launching the Victoria Harbour Tour to extend its local business. Thirdly, the Group will further develop its new strategies in the newly acquired fuel supply business and Macau Cotai business, and will strengthen its core business through mergers and acquisitions in the future.

RELATION WITH INVESTORS

With a strong emphasis on relation with investors, the Group has always sought to ensure communications between investors and the management of the Company. During the period, a number of roadshows and performance presentations were held for the institutional investors. The Company greeted investors warmly and shared information according to the principles of corporate governance. I firmly believe that ongoing effective communication with the investors will improve the management's transparency and the level of corporate governance of the Company, as well as continuously create value for the shareholders.

APPRECIATION

On behalf of the Board, I would like to give my heartfelt thanks to all shareholders, business partners and stakeholders for their continuous support to the Company's development. Meanwhile, I would also like to express my sincere appreciation to all staff for their dedication.

Xiong Gebing
Chairman

Hong Kong, 30th August 2016

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2016

	Note	Six months ended 30th June	
		2016	2015
		HK$'000	*HK$'000*
			(Restated)
Revenue	*4*	**1,104,062**	1,247,781
Cost of services rendered		**(853,077)**	(986,302)
Gross profit		**250,985**	261,479
Other income		**25,604**	25,431
Other gains – net	*8*	**1,078**	4,575
General and administrative expenses		**(148,556)**	(157,385)
Operating profit	*7*	**129,111**	134,100
Finance income		**7,497**	3,835
Finance cost		**(4,489)**	(6,345)
Share of profits less losses of:			
- Joint ventures		**34,821**	34,866
- Associates		**10,254**	11,138
Profit before income tax		**177,194**	177,594
Income tax expense	*9*	**(28,697)**	(32,576)
Profit for the period		**148,497**	145,018
Attributable to:			
Equity holders of the Company		**144,197**	139,928
Non-controlling interests		**4,300**	5,090
		148,497	145,018
Earnings per share (HK cents)	*11*		
Basic		**13.35**	14.90
Diluted		**13.35**	14.90

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE 2016

	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Profit for the period	**148,497**	145,018
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences		
- Subsidiaries	**(33,788)**	635
- Joint ventures and associates	**(10,530)**	730
Total comprehensive income for the period	**104,179**	146,383
Attributable to:		
Equity holders of the Company	**102,276**	141,247
Non-controlling interests	**1,903**	5,136
	104,179	146,383

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2016

	Note	**As at 30th June 2016** ***HK$'000***	As at 31st December 2015 *HK$'000* (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,417,429**	1,455,446
Investment properties		**4,800**	4,829
Land use rights		**474,169**	489,787
Intangible assets – goodwill		**37,005**	37,751
Joint ventures		**416,462**	465,161
Associates		**117,266**	124,636
Deposit and prepayment		**42,549**	23,096
Deferred income tax assets		**1,364**	1,364
		2,511,044	2,602,070
Current assets			
Inventory		**2,031**	752
Trade and other receivables	*5*	**774,201**	713,828
Loans to joint ventures		**17,453**	17,805
Cash and cash equivalents		**897,914**	912,794
		1,691,599	1,645,179
Asset held for sale		**-**	1,367
		1,691,599	1,646,546
Total assets		**4,202,643**	4,248,616
EQUITY			
Share capital		**1,333,171**	1,333,171
Reserves		**1,265,075**	1,215,748
		2,598,246	2,548,919
Non-controlling interests		**219,882**	217,979
Total equity		**2,818,128**	2,766,898

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30TH JUNE 2016

	Note	As at 30th June 2016 HK$'000	As at 31st December 2015 HK$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**81,761**	83,056
Deferred income		**6,381**	7,657
Amount due to the non-controlling interest of a subsidiary		**37,825**	38,013
Loan from immediate holding company		**-**	7,500
Other payable		**-**	346
Long term borrowings		**63,373**	51,722
		189,340	188,294
Current liabilities			
Trade and other payables	*6*	**812,143**	969,800
Dividend payable		**54,000**	-
Loans from associates		**24,430**	24,922
Amounts due to the non-controlling interests of subsidiaries		**81,550**	75,700
Amount due to a related party		**14,070**	14,354
Income tax payables		**43,632**	23,680
Short term borrowings		**75,000**	75,000
Current portion of long term borrowings		**90,350**	109,968
		1,195,175	1,293,424
Total liabilities		**1,384,515**	1,481,718
Total equity and liabilities		**4,202,643**	4,248,616

NOTES

1. Statement of compliance

The financial information relating to the year ended 31st December 2015 that is included in the unaudited condensed consolidated interim financial information for the six months ended 30th June 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be 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 31st December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. Basis of preparation

(i) This unaudited condensed consolidated interim financial information for the six months ended 30th June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(ii) On 4th March 2016, Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), immediate holding company of the Company, underwent a group reorganisation, pursuant to which the Company acquired 100% equity interest in Sun Kong Petroleum Company Limited ("Sun Kong Petroleum") from CKSE at a consideration of HK$166,000,000. The Company and Chu Kong Passenger Transport Company Limited, a direct wholly-owned subsidiary of the Company, also acquired 100% equity interest in Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Cotai Shipping") from CKSE and Sportwise Development Limited, a direct wholly-owned subsidiary of CKSE, at a consideration of MOP88,900,000 (equivalent to approximately HK$86,233,000). On 11th May 2016, the Company paid HK$75,694,000 as settlement of 30% consideration pursuant to the agreement. The transaction was completed on 30th June 2016. Accordingly, the Company became the holding company of Sun Kong Petroleum and Cotai Shipping (collectively, the "Acquired Group"), now comprising the Group.

The transactions resulting from the reorganisation are regarded as business combinations under common control. Accordingly, the unaudited condensed consolidated interim financial information for the period ended 30th June 2016, including the comparative figures, have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for the Common Control Combination" issued by the HKICPA on the basis as if the Company had been the holding company of the Acquired Group throughout the periods presented or since their respective dates of incorporation, whichever is the shorter period.

3. Principal accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2015, except the Group has adopted the following new and amended standards issued by the HKICPA which are mandatory for the financial period beginning on or after 1st January 2016.

Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle
HKFRS 14	Regulatory Deferral Accounts
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements

The adoption of the above new and amended HKFRSs in current period does not have any significant financial effect on the interim financial information or result in any substantial changes in the Group's significant accounting policies.

3. Principal accounting policies (Continued)

The HKICPA has issued the following new and amended standards which are not yet effective for the financial period beginning 1st January 2016:

		Effective for accounting periods beginning on or after
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1st January 2018
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
HKFRS 16	Leases	1st January 2019
HKAS 7 (Amendment)	Statement of Cash Flows	1st January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1st January 2017

The Group has not early adopted these new and amended standards in the unaudited condensed consolidated interim financial information but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of its consolidated financial statements will be resulted.

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 four 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

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

(v) Corporate and other businesses

The executive directors of the Company assesses 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.

4. Segment information (Continued)

	Cargo transportation *HK$'000*	Cargo handling and storage *HK$'000*	Passenger transportation *HK$'000*	Fuel supply *HK$'000*	Corporate and other businesses *HK$'000*	Total *HK$'000*
Six months ended 30th June 2016						
Total revenue	593,653	238,078	98,770	217,547	42,581	1,190,629
Inter-segment revenue	(2,373)	(51,476)	-	(17,750)	(14,968)	(86,567)
Revenue (from external customers)	591,280	186,602	98,770	199,797	27,613	1,104,062
Segment profit before income tax expense	2,606	62,126	76,471	14,471	21,520	177,194
Income tax expense	(1,170)	(14,750)	(6,978)	(1,942)	(3,857)	(28,697)
Segment profit after income tax expense	1,436	47,376	69,493	12,529	17,663	148,497
Segment profit before income tax expense includes:						
Finance income	28	317	74	7	7,071	7,497
Finance cost	-	(2,695)	-	-	(1,794)	(4,489)
Depreciation and amortisation	(5,441)	(44,337)	(99)	(886)	(1,786)	(52,549)
Share of profits less losses of:						
Joint ventures	474	10,314	24,019	-	14	34,821
Associates	-	2,485	7,769	-	-	10,254

4. Segment information (Continued)

	Cargo transportation *HK$'000*	Cargo handling and storage *HK$'000*	Passenger transportation *HK$'000*	Fuel supply *HK$'000*	Corporate and other businesses *HK$'000*	Total *HK$'000*
Six months ended 30th June 2015 (Restated)						
Total revenue	633,273	265,427	98,626	304,216	42,481	1,344,023
Inter-segment revenue	(3,173)	(51,716)	-	(26,255)	(15,098)	(96,242)
Revenue (from external customers)	630,100	213,711	98,626	277,961	27,383	1,247,781
Segment profit before income tax expense	6,638	64,152	72,704	13,632	20,468	177,594
Income tax expense	(2,129)	(16,159)	(6,403)	(2,249)	(5,636)	(32,576)
Segment profit after income tax expense	4,509	47,993	66,301	11,383	14,832	145,018
Segment profit before income tax expense includes:						
Finance income	67	260	47	6	3,455	3,835
Finance cost	-	(2,346)	-	-	(3,999)	(6,345)
Depreciation and amortisation	(5,575)	(47,078)	(50)	(886)	(1,670)	(55,259)
Share of profits less losses of:						
Joint ventures	850	12,360	21,648	-	8	34,866
Associates	-	2,640	8,345	153	-	11,138

4. Segment information (Continued)

	Cargo transportation *HK$'000*	Cargo handling and storage *HK$'000*	Passenger transportation *HK$'000*	Fuel Supply *HK$'000*	Corporate and other businesses *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
As at 30th June 2016							
Total segment assets	554,162	2,166,263	585,141	127,519	1,952,951	(1,183,393)	4,202,643
Total segment assets include:							
Joint ventures	26,321	194,652	163,420	-	32,069	-	416,462
Associates	-	47,089	70,177	-	-	-	117,266
Total segment liabilities	(444,620)	(649,665)	(117,056)	(42,211)	(1,314,356)	1,183,393	(1,384,515)
As at 31st December 2015 (Restated)							
Total segment assets	547,600	2,167,057	576,122	193,985	1,951,573	(1,187,721)	4,248,616
Total segment assets include:							
Joint ventures	26,115	191,741	214,603	-	32,702	-	465,161
Associates	-	45,528	79,108	-	-	-	124,636
Total segment liabilities	(419,437)	(653,344)	(106,622)	(121,207)	(1,368,829)	1,187,721	(1,481,718)

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

	As at 30th June 2016	As at 31st December 2015
	HK$'000	*HK$'000*
		(Restated)
Within 3 months	**330,041**	283,426
4 to 6 months	**39,371**	29,468
7 to 12 months	**15,653**	5,607
Over 12 months	**6,164**	5,078
	391,229	323,579
Less: Provision for impairment	**(6,544)**	(5,107)
	384,685	318,472

6. Trade and other payables

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

	As at 30th June 2016	As at 31st December 2015
	HK$'000	*HK$'000*
		(Restated)
Within 3 months	**325,064**	312,431
4 to 6 months	**500**	1,145
7 to 12 months	**490**	638
Over 12 months	**785**	2,421
	326,839	316,635

7. Operating profit

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000* (Restated)
Amortisation of land use rights	**5,986**	6,422
Costs of cargo transportation, passenger transportation and cargo handling and storage (including fuel cost)	**393,277**	437,037
Costs of oil trading (including cost of inventories)	**190,522**	281,496
Costs of passenger and maintenance service	**1,459**	2,361
Depreciation of property, plant and equipment	**46,534**	48,808
Depreciation of investment properties	**29**	29
Operating lease rental expenses		
- vessels and barges	**52,444**	52,242
- buildings	**27,969**	25,440
- property that general rental income	**2,500**	4,418
Staff costs (including directors' emoluments)	**187,443**	189,058
Sub-contracting cost	**1,135**	1,055
Staff secondment expenses	**-**	932
Others	**92,335**	94,389

8. Other gains – net

	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Exchange (losses)/gains, net	**(1,049)**	4,740
Gain on disposals of property, plant and equipment	**886**	394
Reversal/(provision) for impairment of trade receivables	**1,241**	(559)
Other gains – net	**1,078**	4,575

9. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

PRC corporate income tax has been calculated on the estimated assessable profit for the period at the income tax rate of the PRC entities of 25% (2015: 25%).

Macau profits tax has been provided at the applicable tax rate (2015: applicable tax rate) on the estimated assessable profit for the period.

	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Current income tax		
- Hong Kong profits tax	**10,421**	12,724
- PRC corporate income tax	**12,651**	14,389
- Macau profits tax	**2,355**	2,199
Deferred income tax expense	**3,270**	3,264
	28,697	32,576

10. Dividends

On 30th August 2016, the board of directors declared an interim dividend of HK3 cents per ordinary share (2015 interim dividend: HK4 cents and interim special dividend: HK1 cent) for the year ending 31st December 2016. 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 31st December 2016.

11. Earnings per share

Basic

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.

	2016	2015 (Restated)
Profit attributable to equity holders of the Company (HK$'000)	**144,197**	139,928
Weighted average number of ordinary shares in issue ('000)	**1,080,000**	939,000
Basic earnings per share (HK cents)	**13.35**	14.90

Diluted

The potential ordinary shares in respect of the Company's share options were anti-dilutive for the six months ended 30th June 2016. The basic earnings per share for the six months ended 30th June 2016 was equal to the diluted earnings per share.

Diluted earnings per share for the six months ended 30th June 2015 and 30th June 2016 were calculated by adjusting the profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company included share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the period ended 30th June 2016, the Group recorded a consolidated revenue of HK$1,104,062,000, decreased by 11.5% as compared with the corresponding period last year. Profit attributable to shareholders of the Company was HK$144,197,000, up by 3.1% as compared with the corresponding period last year.

In the first half of 2016, with the weak economy in Europe and the U.S., the global financial turmoil has brought great impact to the global economy. China's economic development entered into a new normal state, showing new features of lower growth rate and structural transformation and upgrading. Affected by various factors such as decline in the macro economy, continuous downturn in shipping market and changes in the social, political and economic climate in Hong Kong, both the volume of cargo and passenger ferry transportation between Guangdong and Hong Kong continued to fall. In the face of more complicated domestic and foreign environments, the Group made strenuous efforts to overcome these challenges and adhered to professionalised operation, achieving its planned targets satisfactorily with most business indicators remaining stable.

Regarding freight business, the Group continued to promote professionalised operation for its terminal navigation logistics business and brought into full play the function of "Consolidated CKTL" platform, maintaining stable development momentum. During the period, the container transportation volume recorded 673,000 TEU, representing a year-on-year increase of 2.2%, while the break bulk cargo transportation volume achieved 157,000 tons, representing a decrease of 9.4% year-on-year, affected by the diversion of cargo and the trend of containerisation. For cargo handling businesses, due to weak domestic and overseas economies, volume decline was recorded in terminals, and the container handling volume recorded 645,000 TEU, representing a year-on-year decrease of 5.6%. However, the terminals of the Group stepped up efforts in exploration of break bulk cargo business, and break bulk cargo handling volume recorded 745,000 tons, experienced a year-on-year increase of 22.6%. The volume of container hauling and trucking increased by 6.3% year-on-year.

Regarding the passenger transportation business, with the impact of various factors such as the foggy and monsoon weather and the decreasing number of visitors to Hong Kong, the passenger transportation business indicator decreased. During the period, the total number of passengers for agency services was 3,075,000, representing a year-on-year decrease of 7.3%. The number of passengers for terminal services was 3,289,000, went down by 11.8% year-on-year.

The terminal navigation logistics business contributed a profit of HK$48,812,000 to the Group, representing a decrease of 7.0% as compared with last year. The passenger transportation business contributed a profit of HK$69,493,000 to the Group, representing an increase of 4.8% as compared with the corresponding period last year. The fuel supply business contributed a profit of HK$12,529,000 to the Group, representing an increase of 10.1% as compared with the corresponding period last year.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

Capitalising on the advantages of its resources, the Group continued to improve its operation efficiency during the period, achieving stable performance in most of the major business indicators.

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		
	2016	2015	Change
Cargo transportation volume			
Container transportation volume (TEU)	**673,284**	659,012	2.2%
Break bulk cargoes transportation volume (revenue tons)	**156,814**	173,110	-9.4%
Volume of container hauling and trucking on land (TEU)	**126,358**	118,921	6.3%

Subsidiaries

The Group continued to promote professionalised operation of "Consolidated CKTL" and the business of Chu Kong Transhipment & Logistics Company Limited ("CKTL") remained stable. The container transportation volume recorded 673,000 TEU, a slight increase of 2.2% year-on-year, which was mainly contributed by the container transportation between Guangdong and Hong Kong, but the domestic liner business went down. For the break bulk cargo transportation, transportation volume of regular liners and large break bulk cargo recorded decreases on a year-on-year basis, and the break bulk cargo transportation volume for the period recorded 157,000 tons, a decrease of 9.4% year-on-year.

Subsidiaries (Continued)

Regarding the freight forwarding business, through strengthening the regional sales network team, the profit margin on self-canvassing cargo increased significantly. In addition, CKTL actively explored the cargo sources to be exported to Singapore and Malaysia as well as obtained the approval for establishing a freight forwarding company in Thailand.

Regarding air freight business, CKTL facilitated the airlines in Hong Kong to vigorously develop the local air freight market and promoted the co-operation between the freight forwarders in PRD with retaining the existing customers so as to provide comprehensive integrated air freight business to the customer.

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 30th June		
	2016	2015	Change
Cargo handling volume			
Container handling volume (TEU)	**644,670**	682,876	-5.6%
Volume of break bulk cargoes handled (revenue tons)	**745,344**	608,081	22.6%

Subsidiaries

Chu Kong Godown Wharf and Transportation Company Limited has actively promoted the integrated logistics business so as to extend the logistics service chain, especially in warehousing and integrated logistics businesses, and was re-awarded the contract of the warehousing project and carried out the new project on fixed-point/fixed-line delivery service on the airside of the Hong Kong airport of the aircraft engineering company.

Gaoming Port of Foshan recorded a decrease year-on-year in its business. The company achieved 174,000 TEU of container handling volume during the period, representing a year-on-year decrease of 5.5%, which was mainly due to the domestic economic downturn and the intensified competition from the neighboring terminals. The company has adopted several measures to strengthen the marketing efforts, such as proactively compete for cargo sources, actively coordinate with various parties and strive to stabilise the export business. The terminal not only continued optimising its cargo source structure, but also replenished the equipment and streamlined the operational processes so as to improve the terminal service quality and efficiency.

Subsidiaries (Continued)

The business of the terminals in Zhuhai region demonstrated outstanding performance. During the period, the total container handling volume of the two terminals was 135,000 TEU, representing a year-on-year increase of 23.4%. Civet Port recorded a strong growth in its container handling business, reaching a volume of 110,000 TEU, representing an increase of 34.1% year-on-year. Facing the fierce competition from neighboring ports, Civet Port has enhanced marketing efforts to undertake diverted cargo sources, while efforts were made to strengthen communication with joint inspection regulators, optimise the regular flights, improve the facilities and equipment, enhance the terminal operation capability and make good use of its advantages in clearance inspection and terminals services. Furthermore, the company has accelerated the construction of Civet Container project to launch the bonded warehousing business as soon as possible, with an aim to achieve business transformation and upgrading. As for Zhuhai Doumen Port, affected by reduction in production by the major customers and diversion of cargo, during the period, the total container handling volume was 25,000 TEU, representing a year-on-year decrease of 9.4%. In the future, Doumen Port will make market expansion efforts, strengthen the deep cooperation with customers and deepen the mutually beneficial cooperation with CKTL, so as to enhance its routes competitiveness.

Subsidiaries (Continued)

Due to the domestic economic downturn, the container handling volume in the Zhaoqing region decreased. During the period, the terminals in Zhaoqing region recorded a container handling volume of 134,000 TEU, representing a year-on-year decrease of 21.4%, among which foreign trade containers recorded a year-on-year decrease of 5.1%, while domestic trade containers recorded a year-on-year decrease of 47.2%. Among the terminals in the region, by stepping up efforts in marketing and broadening its cargo source base, Zhaoqing Sihui Port maintained stable development momentum in the factory trade and renewable cargo during the period with container handling volume being flat year-on-year, while the remaining three terminals all recorded decrease in their businesses. Zhaoqing New Port kept stable in its foreign trade container business and renewable resources cargo, and has tapped into the container transhipment and aluminium ingot export businesses, achieving a slight year-on-year increase of 1.0% in its foreign trade container handling volume. However, affected by diversion of cargo and intense competition from neighboring ports, the domestic trade container cargo business of the terminal recorded a year-on-year decrease of 10.2%. Look ahead, the port will strengthen its exploration of domestic and foreign trade export businesses, cooperation with liners and freight forwarders for aluminium ingot export agency, step up efforts in expansion export business of the domestic transhipment of the empty containers and further optimise its cargo source structure. The domestic and foreign trade business in Kangzhou Port recorded a significant year-on-year decrease, which was mainly attributable to the falling market demand, land transportation overloading prevention measures and the closing of Xijiang River Bridge. Since the closing of Xijiang River Bridge in August last year, the domestic and foreign trade cargoes were diverted to other ports, delivering great impact to the business of the company. The domestic trade break bulk cargo handling volume recorded 39,000 tons, representing a year-on-year decrease of 27.5%, which was mainly due to the decline in market demand for the traditional business of middle density fibre. In the future, the terminal will endeavor to explore new businesses on the foundation of retaining existing customers to provide diversified services. The traditional stone materials import and ceramics export businesses of Zhaoqing Gaoyao Port both declined, with container transportation volume of 21,000 TEU during the period, representing a year-on-year decrease of 17.4%. In the future, the company will spare no effort to carry out multimedia marketing, retaining existing customers' base, provide more supporting operational services and strengthen communication and cooperation with large liners and freight forwarders.

Subsidiaries (Continued)

Since the resumption of service, the factory trade and renewable resources cargo businesses of Qingyuan Port recorded a strong growth. However, due to the abortion of the policy that foreign trade vessels enjoy privilege gate service at the river lock of Beijiang Hydro-Junction during the first half of the year, the businesses of the port were heavily hit. Qingyuan Port will enhance communication with the government to resume the policy, while continuing to developing routes with large liners, so as to improve the competitiveness of the terminals. Furthermore, the terminal will push forward the manifest distribution business model between Nansha and Qingyuan and drive the implementation of "dry port" in Qingyuan Port to generate new growth engine for the terminal.

Chu Kong Air-Sea Union Transportation Company Limited has rehabilitated the land at Marine Cargo Terminal and made smooth transfer of the same back to Hong Kong International Airport Authority on 17th June 2016. Under an unified allocation of resources, the relevant business has been gradually transferred to other cargo working areas, such as Tuen Mun Godown Wharf and Yau Ma Tei to achieve seamless migrations of business and customer.

Joint Ventures and Associates

The performance of the operating businesses of the joint ventures and associates were mixed. During the period, significant growth was recorded for the terminals in the Jiangmen region, which included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. There was continuous growth of the factory trade and renewable resource cargo within the region. A total container handling volume of 123,000 TEU was recorded, representing a year-on-year increase of 44.5%. Among which, Sanbu Port finetuned its market strategy, enhanced marketing and management and leveraged on its advantage in both its strong service integration capability and provision of regular barge services, so as to constantly improve its core competitiveness, achieving a year-on-year growth of 22.4% for container handling volume to 64,000 TEU. Heshan Port recorded strong growth in its renewable resource business and rubber wood business, and achieved remarkable results. Container handling volume increased substantially by 80.4% to 58,000 TEU, and profit attributable to the Group was HK$3,475,000, representing a significant year-on-year increase of 41.1%.

During the period, the four terminals in the Foshan region, namely Foshan New Port Ltd., Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Sanshui Sangang Containers Wharf Co., Ltd., achieved a total container handling volume of 194,000 TEU, representing a year-on-year decrease of 17.8%. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 154,000 TEU, representing a year-on-year decrease of 16.8%.

II PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

Performance statistics of the major business operations are as follows:

	For the six months ended 30th June Number of Passengers (in thousands)		
Indicators	**2016**	2015	Change
Total number of passengers for agency services	**3,075**	3,316	-7.3%
Total number of passengers for terminal services	**3,289**	3,728	-11.8%

Subsidiaries

The passenger transportation business of the Group showed downward pressure, the total number of passengers for agency services of Chu Kong Passenger Transport Company Limited ("CKPT") was 3,075,000 during the period, representing a year-on-year decrease of 7.3%. The number of passengers for terminal services recorded 3,289,000, representing a year-on-year decrease of 11.8%. However, as benefiting from the lower oil prices and optimising flight schedules, the overall profit contribution by passenger transportation business remained stable, amounting to HK$69,493,000 during the period, representing a year-on-year increase of 4.8%.

Regarding urban routes, affected by the civil unrest at Mong Kok, Hong Kong, the visitors' enthusiasm to Hong Kong was curbed. In addition, with the emergence of outbound tours to the South Eastern Asia countries and the cross-border e-commerce business, the competitiveness of the tourism market in Hong Kong was subdued, with a decrease in the number of overall urban route passengers. The number of passengers for airport routes recorded a slight decrease, mainly attributable to the downturn in the PRC economy and the depreciation of Renminbi. At the same time, the further improvement of the two-dimensional land-air transportation system also generated impact on the airport routes, the number of passengers for agency services in the airport routes recorded 1,111,000, representing a year-on-year decrease of 1.1%.

Subsidiaries (Continued)

Regarding airport routes, despite the slight decrease in the number of passengers for the airport routes as compared to the corresponding period last year, the number of passengers for some airport routes maintained growth momentum as a result of heightened promotion of the sea-air transportation mode. The recommencement of Lianhuashan airport route was well received by the market, with additional number of passengers amounting to 30,000 for the period. The volume of ticket agency service of Zhongshan airport route recorded a year-on-year increase of 3.3% as a result of improvement in service quality and stepped up efforts in marketing. With the increase in the number of airline flights for Hong Kong-Macau route, the volume of ticket agency services recorded a year-on-year increase of 24.9%. CKPT will continue to consolidate and enhance its airport route business in the future, with aim to improve the competitiveness of the sea-air transportation mode.

Furthermore, leveraging on the local ferry business platform, CKPT spared no efforts in promoting the middle to high-end Victoria Harbour tour, speeding up localisation of its business services. By promoting the strategy of "tourism passenger transportation", CKPT accelerated the integration of its tourism business with the Guangdong-Hong Kong tourism platform, and capitalised on the advantage of local platform to consolidate and expand the tourism resources. CKPT also cooperated with ship owners for the exploration of sight-seeing routes, so as to exploit new agency services. Secondly, CKPT enhanced its information system and introduced the "Internet+" strategy, so as to expedite the construction of passenger transportation segment e-commerce platform. While efforts were made to improve the mobile ticketing and e-commerce platform "HEMA-WANG", CKPT continued to push forward the connection with the systems of internet enterprises and airline companies including Ctrip, Cathay Pacific and Hong Kong Express Airways, optimising and upgrading its online system for ticket agency. CKPT also cooperated with partners from the industry and the tourism industry to carry out all kinds of marketing and promotion activities, and exerted efforts to improve communication and strengthen cooperation with its business partners, with an aim to expand its customer base. It further improved its brand recognition through increased promotion efforts in overseas markets and expansion of tourism passenger transportation network.

Joint Ventures and Associates

During the period, Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) witnessed an increase in the number of passengers for terminal services. The profit attributable to the Group was HK$5,519,000, representing a year-on-year decrease of 21.0%. The total number of passengers for agency services of Zhongshan – Hong Kong Passenger Shipping Co-op Co. Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. recorded a decrease of 5.5% and 11.6% respectively. Despite the decrease in the number of passengers of urban routes, Zhongshan Passenger Terminal recorded a continuous growth in the number of passengers of airport routes. In addition, benefiting from lower oil prices and optimised flight schedules, profit attributed to the Group was amounted to HK$19,449,000, representing a year-on-year increase of 18.8%. As Shunde Passenger Terminal was affected by the decrease in the number of passengers, profit attributed to the Group was HK$7,769,000, representing a year-on-year decrease of 6.9%.

III. FUEL SUPPLY BUSINESS

As to the fuel supply business, the Group officially completed the acquisition of Sun Kong Petroleum Company Limited ("Sun Kong Petroleum") in June 2016. Sun Kong Petroleum's major business is to provide diesel and engine oil for vessels within the water territory of Hong Kong. Besides, Sun Kong Petroleumhas waterborne fueling stations at the Hong Kong China Ferry Terminal, the Hong Kong International Airport Ferry Terminal and Yau Ma Tei. During the period, Sun Kong Petroleum recorded a sales volume of diesel of 66,000 tons, representing a year-on-year increase of 8.0%, and a sales volume of engine oil of 294,000 litres, representing a slight decrease as compared to the corresponding period last year.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, the Group completed the acquisition of Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Macau Cotai") in June 2016. Macau Cotai is engaged in provision of management of ferry terminals services and facilities maintenance services for buildings in Macau. During the first half of the year, Macau Cotai became one of the qualified service providers of the dockyards of Macau Government by established long-term cooperation with the dockyards of Macau Government, and proactively explored new vessel maintenance business.

During the period, the businesses of other subsidiaries, joint ventures and associates of the Group progressed well and experienced no unusual matters.

LIQUIDITY AND FINANCIAL RESOURCES

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 30th June 2016, the Group secured a total credit limit of HK$734,500,000 and RMB100,000,000 (equivalent to approximately HK$117,000,000) (31st December 2015 (restated): HK$554,000,000 and RMB100,000,000 (equivalent to approximately HK$119,360,000)) granted by bona fide banks.

As at 30th June 2016, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.4 (31st December 2015 (restated): 1.3) and the debt ratio, representing total liabilities divided by total assets, was 32.9% (31st December 2015 (restated): 34.9%).

As at 30th June 2016, the Group's cash and cash equivalents amounted to HK$897,914,000 (31st December 2015 (restated): HK$912,794,000), which represents 21.4% (31st December 2015 (restated): 21.5%) of the total assets.

As at 30th June 2016, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 7.5% (31st December 2015 (restated): 7.9%).

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

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.

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

BANK LOANS AND PLEDGE OF ASSETS

Bank Loans	As at 30th June 2016	As at 31st December 2015 (Restated)
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	159,500,000	179,000,000
Bank located in China (Note 2)		
- Renminbi	59,165,000 (equivalent to approximately HK$69,223,000)	48,333,000 (equivalent to approximately HK$57,690,000)

Note:

1. The bank loan in Hong Kong as at 30th June 2016 was bearing floating interest rate and unsecured. The relevant terms of which are identical with those set out in 2015 Annual Report.
2. The bank loan in China as at 30th June 2016 was bearing floating interest rate and secured by land use right of Zhongshan Huangpu Port. The relevant terms of which are identical with those set out in 2015 Annual Report.

CURRENCY STRUCTURE

As at 30th June 2016, cash and cash equivalents held by the Group, of which were mainly denominated in Hong Kong dollar and Renminbi with a small amount in United States dollar, Macau pataca and Euro, deposited with several banks of good reputation.

EXCHANGE RISK

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

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 2016.

SIGNIFICANT INVESTMENT

Save as disclosed in this interim report, there was no significant investment held by the Group for the six months ended 30th June 2016.

SUBSEQUENT EVENT

On 3rd August 2016, Chu Kong Warehouse Properties Co. Ltd. ("CKWP"), a wholly owned subsidiary of the Company, and the Government of Hong Kong Special Administrative Region (the "HKSAR Government"), entered into the agreements in relation of the Land Exchange. Pursuant to the agreements, CKWP agreed to surrender Section A of Tuen Mun Town Lot No. 320 to the HKSAR Government and the HKSAR Government agreed to regrant a lot to be known and registered in the Land Registry as Tuen Mun Town Lot No. 491 to CKWP for a premium of HK$198,970,000 subject to the terms and conditions of agreements. The Group will construct a new river trade terminal, essential facilities and equipment at the new lot. Please refer to the announcement of the Company dated 3rd August 2016 for further particulars of the transaction.

CONTINGENT LIABILITIES

As at 30th June 2016, the Group had no material contingent liabilities.

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

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

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30th June 2016 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) and the Company (www.cksd.com) in due course.

INTERIM DIVIDEND

On 30th August 2016, the board of directors declared an interim dividend of HK3 cents per ordinary share (2015 interim dividend: HK4 cents and interim special dividend: HK1 cent) for the year ending 31st December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 5th October 2016 (Wednesday) to 7th October 2016 (Friday), both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 4th October 2016 (Tuesday) for registration. Interim dividend will be payable on or before 31st October 2016.

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee and the Company's independent auditor have reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30th June 2016.

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2016 has not been audited but prepared in accordance with HKAS 34 "Interim Financial Reporting" and reviewed by the independent external auditors, PricewaterhouseCoopers, 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 provisions of the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules. In the opinion of the directors, the Company complied with the Code Provisions throughout the accounting period covered by the interim report except as disclosed below.

In future, the Company will also adopt more Recommended Best Practices according to actual needs, so as to further enhance the level of corporate governance.

According to the provisions of the Code, a service term of over nine years is one of the key factors in determining the independence of an independent non-executive director. Mr. Chan Kay-Cheung and Ms. Yau Lai Man have served as such independent non-executive Directors for over nine years. During their years of service with the Company, Mr. Chan and Ms. Yau have contributed by providing an independent viewpoint and advice to the Company 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 Company believes that Mr. Chan and Ms. Yau 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 provisions of the Code A.4.3, 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. Mr. Chan and Ms. Yau retired on rotation at the annual general meeting (the "AGM") held on 21st May 2015, and being eligible, offered them for reelection at the AGM. Mr. Chan and Ms. Yau had already been re-appointed by separate resolutions of the shareholders at the said meeting.

According to the provisions of the Code A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and managing director were acted by Mr. Liu Weiqing and Mr. Xiong Gebing respectively. After the resignation of Mr. Liu Weiqing on 3rd May 2015, as more time is needed to arrange the appointment of a suitable candidate as the chairman of the Board or managing director, the Board has unanimous resolved to appoint Mr. Xiong Gebing, the managing director of the Company, as the chairman of the Board (and the chairman of the Executive Committee and the Nomination Committee) temporarily with effect from 3rd May 2015. Announcement in respect of the related appointment of the chairman of the Board or managing director will be made by the Company when such appointment is confirmed.

ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTIONS 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. All directors have confirmed, following specific enquiry of all directors that they have fully complied with the required standard set out in the Model Code throughout the period under review.

DIRECTORS

Save as disclosed above, 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 the date of the 31st December 2015.

As at the date of this announcement, the Company's executive directors are Mr. Xiong Gebing, Mr. Zeng He and Mr. Cheng Jie; non-executive director is Mr. Zhang Lei; independent non-executive directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

By Order of the Board
Xiong Gebing
Managing Director

Hong Kong, 30th August 2016