珠江船務企業(股份)有限公司
Chu Kong Shipping Enterprises (Group) Co., Ltd.
（Incorporate in Hong Kong with limited liability）
(Stock Code：00560)

ANNOUNCEMENT OF 2016 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to announce that Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated revenue of HK$2,381,891,000 for the year ended 31st December 2016, representing a decrease of 5.0% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK$321,771,000, representing an increase of 21.4% over the same period last year.

REVIEW AND OUTLOOK

In 2016, while taking proactive initiatives to address the adverse factors that affected its business development, the Group adhered to the strategy of prudent development, striving to explore the markets and strengthening its existing businesses. In addition, efforts were made to adjust corporate structure, strengthen management, enhance risk management and push ahead business transformation and upgrading. Seizing the opportunities arising from China's "One Belt, One Road" initiative, the Group made persistent effort to explore overseas markets, achieving excellent performance with improved business, increased profit and safe operation.

Regarding the terminal navigation logistics business, the Group proactively pushed ahead professionalised operation, enhanced the delicacy of management and leveraged on the resources advantage in river ports and terminals to extend the business into upstream and downstream sectors, so as to expedite our transition towards modern logistics. In 2016, despite that the total export and import value of foreign trade in Guangdong and the container throughput volume in Hong Kong decreased by 0.8% and 1.3% respectively, the Group achieved trend-bucking growth in its terminal navigation logistics business.

The growth in our terminal navigation logistics business volume was attributable to the four measures we have implemented: Firstly, the regional management was implemented for the terminal resources network at the Pearl River Delta to promote competitive strength. Of which, business in Jiangmen region, Zhuhai region and Hong Kong grew by 27.4%, 9.3% and 6.6% respectively. Secondly, the Group stepped up its effort in exploring integrated logistics projects and overseas logistics business, and has won outsourced warehousing and logistics transportation contracts from a number of well-known industrial groups. The Group also continued to expand its overseas business network. Following the establishment of branch companies in Singapore and Malaysia, the Group is actively pushing forward the preparation works for establishing a branch company in Thailand. Thirdly, the Group sped up the construction and renovation of logistics bases, terminals and warehouses, consolidating our resources advantage for future development. The Group implemented non-insitu land exchange for Tuen Mun Godown Wharf in Hong Kong, achieving seamless migration of business between the original and the new wharves, which further enhanced our unique advantage in owning our private cargo wharf in Hong Kong. Huangpu Terminal in Zhongshan had obtained foreign trade port license and was officially put into operation at the end of the year. Fourthly, the Group implemented the “Internet + Logistics” strategy. By completing the development of the transhipment business system and bonded warehousing business system and pushing forward the upgrade of the terminal system, the Group strived to streamline business process by implementation of information systems, so as to improve efficiency and achieve connection with the information systems of our business partners. In 2016, the Group recorded a container handling volume of 1,400,000 TEU, representing an increase of 2.5% over the same period last year, and a container transportation volume of 1,452,000 TEU, representing an increase of 5.3% over the same period last year.

Regarding the high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau, the Group achieved improvement in its service quality and profitability for the passenger transportation segment. The CKS brand was granted the “Hong Kong Top Service Brand Award”, marking a further improvement of our brand influence in Hong Kong.

In 2016, adhering to its branding strategy, the Group proactively implemented the strategies of transiting towards tourism passenger transportation and leading the replacement of ferries. Firstly, the Group continued with the integration of route resources. The Group pushed forward the all-scale cooperation with Nansha Ferry Terminal in the operation of intermediate ports, establishing two routes between Guishan Island and the Hong Kong China Ferry Terminal and between Zhuhai and Tuen Mun. Secondly, the Group enhanced the cooperation with the tourism sector to integrate our passenger transportation ticketing business with tourism, so as to enhance marketing promotion and expand sales channels. Chu Kong Passenger Transport Company Limited ("CKPT") cooperated with Airport Authority Hong Kong, airline companies, theme parks and tourist attractions to launch the "All-in-one ticket", which offers a package covering both ferry tickets and tourism products. Chu Kong High-Speed Ferry Company Limited continued to maintain strong cooperation relationship with CotaiJet. Thirdly, the Group implemented the "Internet + High-speed passenger transportation" strategy. The Group invested and established subsidiary engaging in e-commerce business, and pushed forward connection with the systems of internet companies and airline companies to deepen its cooperation with them in ticket sales, in an effort to build a platform for integrated marketing of waterway transportation and tourism products. Fourthly, the Group assisted ship owners in replacement of ferries, and implemented the "One Belt, One Road" reaching-out strategies. The first carbon fiber high-speed passenger ferry "Jin Zhu Hu" in Asia was introduced for the route connecting Lianhuashan Port and the urban areas in Hong Kong, which provides better performance in terms of energy conservation, efficiency and environmental protection as compared with ferries made of aluminum alloy, enjoying technology advantage in respect of the high-speed passenger transportation ferry in Guangdong and Hong Kong. The Group assisted ship owners to extend their business presence covering the "One Belt, One Road" route, and actively explored cooperation opportunities for waterway tourism passenger transportation in Thailand, Cambodia, India, Saipan and other countries and regions to exploit the overseas tourism passenger transportation market.

Regarding the complementary businesses, Sun Kong Petroleum Company Limited ("Sun Kong Petroleum") successfully renewed its oil supply project with the Hong Kong China Ferry Terminal and won the contract for supplying oil to the fleet of CotaiJet. In addition, Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Macau Cotai") successfully renewed the contracts of facility maintenance services and passenger services for the Taipa Temporary Ferry Terminal and the Inner Harbour Ferry Terminal.

Regarding the capital operation, the parent company continued to inject quality and profitable assets into the Company. During the year, the Company completed the acquisitions of Sun Kong Petroleum and Macau Cotai, which were held by the parent company, at the consideration of HK$252 million.

The Group continued to enhance its corporate governance and its transparency in accordance with the latest requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), which boosted the market and the strategic investors' confidence in us.

In 2017, with the ongoing lack of momentum of the global economic recovery, the global shipping market downturn will continue. With the upcoming opening of the Hong Kong – Zhuhai – Macao Bridge, the new transportation landscape will bring not only challenges but also new opportunities. Sticking to the guideline of "reforming and innovating, consolidating existing businesses, developing new business, bolstering weak spots and creating new drivers", the Group will continuously optimise its network topology, improve its business model, acquire important resources and implement internal innovation and external expansion, so as to pursue for new development. Firstly, the Group will optimise its terminal navigation logistics business. The Group will consolidate its Hong Kong transhipment base and speed up the construction of the Tuen Mun integrated logistics base. In addition, the Group will develop the Civet Port logistics base into the logistics "bridgehead" of the Hong Kong – Zhuhai – Macao Bridge, so as to gain synergistic advantage of warehousing and storage between Guangdong and Hong Kong. Secondly, the Group will strengthen its waterway passenger transportation business. The Group will accelerate the replacement of existing ferries with carbon fiber high-speed ferries, so as to gain leading technical and brand advantages in the high-speed passenger transportation market in Guangdong and Hong Kong. The Group will assist the ship owners to extend their business presence into the tourist transportation market in Southeast Asia, so as to expand the Group's overseas tourism passenger transportation business. Thirdly, The Group will improve its passenger and freight transportation e-commerce platform. The Group will develop and upgrade its high-speed passenger transportation management system and smart ports and terminals management system, so as to achieve connection with the systems of its partners and communication with upstream and downstream customers through information technology. Fourthly, the Group will strengthen its business and capital cooperation with large terminal companies in Shenzhen, Guangzhou and Hong Kong, and seize the opportunities arising from China's "One Belt, One Road" initiative to accelerate its overseas expansion.

RELATION WITH INVESTORS

With a strong emphasis on relation with investors as always, the Group has strived to ensure communications between various investors and management of the Company. During the year, a number of roadshows and performance presentations were held for the institutional investors. The Company warmly greeted investors who interviewed the Company and disclosed information accurately according to the principles of corporate governance. I firmly believe that the 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

The year 2017 marks the 20th public listing anniversary of the Company. On behalf of the board of directors of the Company, I would like to give my heartfelt thanks to all shareholders, business partners as well as all 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. Taking the 20th anniversary as a new beginning point, the Group will continue to adhere to our initial objectives and move forward to create value for our shareholders, with an aim to contribute to the economic development of Guangdong, Hong Kong and Macau and serve the society.

Xiong Gebing
Chairman

Hong Kong, 30th March 2017

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the consolidated results of the Group for the year ended 31st December 2016, together with the comparative figures for the corresponding period in 2015 (restated) as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
			(Restated)
Revenue	*4*	**2,381,891**	2,507,427
Cost of services rendered	*7*	**(1,867,881)**	(1,989,174)
Gross profit		**514,010**	518,253
Other income		**40,927**	41,161
Other gains / (losses), net	*8*	**39,329**	(8,558)
General and administrative expenses	*7*	**(315,668)**	(311,533)
Operating profit		**278,598**	239,323
Finance income		**11,875**	8,454
Finance cost		**(7,513)**	(10,852)
Share of profits less losses of :			
- Joint ventures		**74,723**	74,325
- Associates		**17,925**	19,825
Profit before income tax		**375,608**	331,075
Income tax expense	*9*	**(49,167)**	(60,592)
Profit for the year		**326,441**	270,483
Attributable to:			
Equity holders of the Company		**321,771**	265,004
Non-controlling interests		**4,670**	5,479
		326,441	270,483
Earnings per share (HK cents)	*11*		
Basic		**29.79**	26.25
Diluted		**29.79**	26.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 *HK$'000*	2015 *HK$'000* (Restated)
Profit for the year	**326,441**	270,483
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences		
- Subsidiaries	**(102,062)**	(100,395)
- Joint ventures and associates	**(34,280)**	(33,274)
Other comprehensive loss for the year	**(136,342)**	(133,669)
Total comprehensive income for the year	**190,099**	136,814
Attributable to:		
Equity holders of the Company	**193,984**	138,726
Non-controlling interests	**(3,885)**	(1,912)
	190,099	136,814

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
			(Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,623,562**	1,455,446
Investment properties		**4,772**	4,829
Land use rights		**448,244**	489,787
Intangible assets		**44,702**	37,751
Investments in joint ventures		**398,530**	465,161
Investments in associates		**100,006**	124,636
Deposits and prepayments		**9,106**	23,096
Deferred income tax assets		**8,801**	1,364
		2,637,723	2,602,070
Current assets			
Inventories		**4,693**	752
Trade and other receivables	*5*	**547,425**	713,828
Loans to joint ventures		**16,675**	17,805
Cash and cash equivalents		**817,669**	912,794
		1,386,462	1,645,179
Asset held for sale		**-**	1,367
		1,386,462	1,646,546
Total assets		**4,024,185**	4,248,616
EQUITY			
Share capital		**1,333,171**	1,333,171
Reserves		**1,325,462**	1,553,061
		2,658,633	2,886,232
Non-controlling interests		**255,456**	217,979
Total equity		**2,914,089**	3,104,211

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31ST DECEMBER 2016

	Note	2016	2015
		HK$'000	*HK$'000*
			(Restated)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**83,084**	83,056
Deferred income		**5,105**	7,657
Amount due to the non-controlling interest of a subsidiary		**-**	38,013
Loan from immediate holding company		**-**	7,500
Other payable		**-**	346
Long term borrowings		**65,694**	51,722
		153,883	188,294
Current liabilities			
Trade payables, accruals and other payables	*6*	**600,696**	632,487
Loans from associates		**23,343**	24,922
Amounts due to the non-controlling interests of subsidiaries		**88,539**	75,700
Amount due to a related party		**13,444**	14,354
Income tax payables		**19,012**	23,680
Short term borrowings		**100,000**	75,000
Current portion of long term borrowings		**111,179**	109,968
		956,213	956,111
Total liabilities		**1,110,096**	1,144,405
Total equity and liabilities		**4,024,185**	4,248,616

Notes:

1. Statement of compliance

The financial information relating to the years ended 31st December 2016 and 2015 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years 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 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 Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31st December 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. 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 Companies Ordinance (Cap. 622).

2. Key Event and Basis of Preparation

(i) During the year, the Company and its subsidiary entered into sales and purchase agreements with Chu Kong Shipping Enterprises (Holdings) Company Limited and its subsidiary to acquire 100% equity interests in Sun Kong Petroleum and Macau Cotai at a total consideration of approximately HK$252,233,000 (the "Acquisition"). The Acquisition was completed on 30th June 2016 and the considerations were fully settled on 28th December 2016.

The Acquisition is a transaction under common control as set out in the Accounting Guideline 5 " Transactions under Common Control" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and management has applied merger accounting to account for the Acquisition. Accordingly, the 2015 figures of the Company's consolidated financial statements have been restated to reflect the results, assets and liabilities of Sun Kong Petroleum and Cotai Macau as if these two companies had been the subsidiaries of the Group throughout the financial years presented.

2. Key Event and Basis of Preparation (Continued)

(ii) The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and also comply with the applicable disclosure provisions of the Listing Rules. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. Principal accounting policies

(i) Adoption of amended HKFRSs and interpretation

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

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
HKFRS 14	Regulatory Deferral Accounts
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
Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle

The adoption of the above amended HKFRSs and interpretation in current year does not have any significant financial effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

3. Principal accounting policies (Continued)

(ii) New and amended standards not yet adopted

The following new and amended standards which are relevant to the Group's operation, have been issued and are effective for annual period beginning after 1st January 2016, have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1st January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	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)	Disclosure Initiative	1st January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1st January 2017

The Group will adopt the above new and amended standards as and when they become effective.

The Group has already commenced an assessment of the related impact to the Group of adopting the above new and amended standards but is not yet in a position to state whether they will have a significant impact on its results of operations and financial position.

4. Revenue and segment information

Revenue consists of sales from cargo transportation, cargo handling and storage, passenger transportation, fuel supply, and corporate and other businesses.

	2016	2015
	HK$'000	HK$'000
		(Restated)
Cargo transportation	**1,284,608**	1,284,534
Cargo handling and storage	**424,135**	436,389
Passenger transportation	**207,037**	201,357
Fuel supply	**410,795**	530,660
Corporate and other businesses	**55,316**	54,487
	2,381,891	2,507,427

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 handling 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 consolidated financial statements.

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 consolidated income statement

4. Revenue and segment information (Continued)

	Cargo Transportation	Cargo handling and storage	Passenger transportation	Fuel supply	Corporate and other businesses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2016						
Total revenue	1,289,238	513,737	207,037	447,302	87,923	2,545,237
Inter-segment revenue	(4,630)	(89,602)	-	(36,507)	(32,607)	(163,346)
Revenue (from external customers)	1,284,608	424,135	207,037	410,795	55,316	2,381,891
Segment profit before income tax expense	7,027	183,165	148,196	21,848	15,372	375,608
Income tax expense	(2,695)	(20,331)	(19,723)	(3,012)	(3,406)	(49,167)
Segment profit after income tax expense	4,332	162,834	128,473	18,836	11,966	326,441
Segment profit before income tax expense includes:						
Finance income	193	811	183	15	10,673	11,875
Finance cost	-	(5,304)	-	-	(2,209)	(7,513)
Depreciation and amortisation	(10,645)	(91,804)	(184)	(1,738)	(3,552)	(107,923)
Share of profits less losses of:						
Joint ventures	1,184	24,912	48,606	-	21	74,723
Associates	-	4,279	13,646	-	-	17,925

4. Revenue and segment information (Continued)

	Cargo Transportation	Cargo handling and storage	Passenger transportation	Fuel supply	Corporate and other businesses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2015 (Restated)						
Total revenue	1,289,001	530,414	201,357	578,305	84,611	2,683,688
Inter-segment revenue	(4,467)	(94,025)	-	(47,645)	(30,124)	(176,261)
Revenue (from external customers)	1,284,534	436,389	201,357	530,660	54,487	2,507,427
Segment profit before income tax expense	9,979	138,098	145,180	22,403	15,415	331,075
Income tax expense	(4,186)	(32,436)	(12,638)	(3,919)	(7,413)	(60,592)
Segment profit after income tax expense	5,793	105,662	132,542	18,484	8,002	270,483
Segment profit before income tax expense includes:						
Finance income	269	673	107	13	7,392	8,454
Finance cost	-	(4,895)	-	-	(5,957)	(10,852)
Depreciation and amortisation	(11,141)	(92,687)	(131)	(1,983)	(3,348)	(109,290)
Share of profits less losses of:						
Joint ventures	2,021	26,581	45,711	-	12	74,325
Associates	-	5,938	15,147	(1,260)	-	19,825

4. Revenue and 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 31st December 2016							
Total segment assets	548,730	2,400,613	627,433	140,067	1,784,586	(1,477,244)	4,024,185
Total segment assets include:							
Joint ventures	25,648	180,106	162,126	-	30,650	-	398,530
Associates	-	46,786	53,220	-	-	-	100,006
Addition to non-current assets (excluding deferred income tax assets)	4,706	416,890	-	112	2,511	-	424,219
Total segment liabilities	(449,080)	(771,764)	(152,779)	(48,892)	(1,164,825)	1,477,244	(1,110,096)

4. Revenue and 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 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
Addition to non-current assets (excluding deferred income tax assets)	4,211	75,832	667	746	1,401	-	82,857
Total segment liabilities	(419,437)	(653,344)	(106,622)	(36,207)	(1,116,516)	1,187,721	(1,144,405)

4. Revenue and segment information (Continued)

Over 90% of the Group's revenue is derived from operations carried out in Mainland China and Hong Kong and customers are located in Mainland China and Hong Kong. Geographical segment information is not presented as the directors of Company consider that the nature of the provision of cargo and passenger transportation services, which are carried out in Mainland China and Hong Kong, preclude a meaningful allocation of operating profit to specific geographical segments.

The analysis of the Group's non-current assets by geographical location is as follows:

	2016	2015
	HK$'000	HK$'000
		(Restated)
Non-current assets excluding joint ventures and associates and deferred income tax assets		
Hong Kong	**737,075**	495,959
Mainland China	**1,393,095**	1,511,033
Macau	**216**	3,917
	2,130,386	2,010,909
Joint ventures and associates		
Hong Kong	**41,595**	54,206
Singapore	**7,207**	6,443
Mainland China	**449,734**	529,148
	498,536	589,797
Deferred income tax assets	**8,801**	1,364
	2,637,723	2,602,070

5. Trade and other receivables

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

	2016	2015
	HK$'000	HK$'000
		(Restated)
Within 3 months	**310,811**	283,426
4 to 6 months	**23,397**	29,468
7 to 12 months	**1,308**	5,607
Over 12 months	**4,974**	6,418
	340,490	324,919
Less: provision for impairment	**(5,084)**	(6,447)
	335,406	318,472

Trade receivables that are less than three months past due are not considered impaired. As of 31st December 2016, trade receivables of HK$24,595,000 (2015: HK$35,046,000) were past due but not impaired. Fully performing receivables and balances that are past due but not impaired relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of past due but not impaired trade receivables is as follows:

	2016	2015
	HK$'000	HK$'000
		(Restated)
Up to 3 months	**23,397**	29,468
4 to 6 months	**976**	4,898
Over 6 months	**222**	680
	24,595	35,046

5. Trade and other receivables (Continued)

As of 31st December 2016, trade receivables of HK$5,084,000 (2015: HK$6,447,000) were impaired and have been fully provided for. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations or have defaulted on payments. The ageing of these receivables is as follows:

	2016	2015
	HK$'000	HK$'000
		(Restated)
7 to 12 months	**331**	709
Over 12 months	**4,753**	5,738
	5,084	6,447

6. Trade payables, accruals and other payables

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

	2016	2015
	HK$'000	HK$'000
		(Restated)
Within 3 months	**338,266**	333,634
4 to 6 months	**339**	1,145
7 to 12 months	**146**	638
Over 12 months	**1,684**	2,421
	340,435	337,838

7. Costs and expenses by nature

	2016 **HK$'000**	2015 HK$'000 (Restated)
Amortisation of land use rights	**11,816**	12,458
Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost)	**916,276**	902,122
Costs of oil trading (including cost of inventories)	**393,594**	531,789
Costs of passenger and maintenance service	**3,586**	5,176
Depreciation of property, plant and equipment	**95,978**	96,775
Depreciation of investment properties	**57**	57
Depreciation of intangible assets	**72**	-
Operating lease rental expenses		
- vessels and barges	**132,003**	120,664
- buildings	**30,097**	35,550
- properties that generated rental income	**5,000**	6,794
Staff costs (including directors' emoluments)	**405,280**	388,873
Others	**189,790**	200,449
Total cost of services rendered and general and administrative expenses	**2,183,549**	2,300,707

8. Other gains / (losses) – net

	2016 **HK$'000**	2015 HK$'000 (Restated)
Exchange losses, net	**(15,365)**	(11,644)
Loss on write-off of property, plant and equipment	**(647)**	(199)
Gain on disposals of property, plant and equipment (note)	**53,978**	932
Reversal for impairment of trade receivables, net	**1,363**	2,535
	39,329	(8,558)

Note: Owing to the reclamation project of the Hong Kong government, a parcel of land in Tuen Mun owned by the Group (the "Old Land") was surrendered and the Government has re-granted a new nearby parcel of land for a premium of HK$198,970,000. Accordingly, the Group recognised a disposal gain of the Old Land by HK$52,784,000.

9. Income tax expense

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

PRC corporate income tax has been calculated on the estimated assessable profit for the year 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 year.

	2016	2015
	HK$'000	HK$'000
		(Restated)
Current income tax		
- Hong Kong profits tax	**22,199**	22,007
- PRC corporate income tax	**24,809**	27,102
- Macau profits tax	**5,028**	4,225
- (Over) / under provision in prior years	**(777)**	314
Deferred income tax expense	**(2,092)**	6,944
	49,167	60,592

Share of income tax of joint ventures and associates for the year has been included in the consolidated income statement as share of profits less losses of joint ventures and associates.

10. Dividends

On 30th March 2017, the board of directors proposed a final dividend of HK6 cents for 2016 (2015: HK5 cents) per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements.

	2016	2015
	HK$'000	HK$'000
Interim, declared, of HK3 cents (2015: HK4 cents) per ordinary share	**32,400**	43,200
Interim special, declared, of nil (2015: HK1 cent) per ordinary share	**-**	10,800
Final, proposed, of HK6 cents (2015: HK5 cents) per ordinary share	**64,800**	54,000
	97,200	108,000

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 year.

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	**321,771**	265,004
Weighted average number of ordinary shares in issue ('000)	**1,080,000**	1,009,672
Basic earnings per share (HK cents)	**29.79**	26.25

Diluted

The potential ordinary shares in respect of the Company's share options were anti-dilutive for the year ended 31st December 2016. The basic earnings per share for the year ended 31st December 2016 was equal to the diluted earnings per share.

Diluted earnings per share for the years ended 31st December 2016 and 2015 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.

12. Non-adjusting post reporting period events

After the end of the reporting period, the directors of the Company proposed a final dividend, the details of which is disclosed in note 10.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2016 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31st December 2016, the Group recorded a consolidated revenue of HK$2,381,891,000, representing a decrease of 5.0% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK$321,771,000, representing an increase of 21.4% over the same period last year.

In 2016, the economic recovery remained slow due to the cold winter experienced by the real economy, the frequently reported Black Swan events, and the continued global economic downturn. Meanwhile, 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 sluggish global economy, continued depreciation of Renminbi and changes in the social, political and economic climate in Hong Kong, both the volume of cargo and passenger waterway transportation between Guangdong and Hong Kong continued to fall. In the face of more complicated political and economic environments both at home and abroad, the Group made strenuous efforts to overcome these challenges, adhered to professionalised operation, fostered strengths and circumvented weaknesses, so as to maintain stable performance in its major businesses.

Regarding the terminal navigation logistics business, the Group leveraged on professionalised operation, utilised the advantage of "Consolidated CKTL" platform and achieved trend-bucking growth of its major businesses amid the overall downturn. For cargo handling business, benefiting from the increase in the number of containers from foreign trade, the container handling volume recorded 1,400,000 TEU, representing a year-on-year increase of 2.5%. As the terminals of the Group stepped up their efforts in exploration of break bulk cargo business, break bulk cargo handling volume recorded 1,578,000 tons, representing a year-on-year increase of 14.7%. During the year, the container transportation volume recorded 1,452,000 TEU, representing a year-on-year increase of 5.3%, while the break bulk cargo transportation volume achieved 287,000 tons, representing a year-on-year decrease of 19.0%, as affected by the diversion of cargo and the trend of containerisation. The volume of container hauling and trucking recorded 285,000 TEU, representing a year-on-year increase of 16.8%.

Regarding the passenger transportation business, as affected by various factors such as the buoyant tourism market in the neighboring countries, continuous depreciation of Renminbi and decreasing number of visitors to Hong Kong, the passenger transportation business indicator dropped. During the year, the total number of passengers for agency services was 6,217,000, representing a year-on-year decrease of 5.9%. The number of passengers for terminal services was 6,625,000, representing a year-on-year decrease of 11.8%.

The terminal navigation logistics business contributed a profit of HK$167,166,000 (including the recognition of a disposal gain of the Old Land by HK$52,784,000) to the Group, representing an increase of 50.0% as compared with the corresponding period last year. The passenger transportation business contributed a profit of HK$128,473,000 to the Group, representing a decrease of 3.1% as compared with the corresponding period last year. The fuel supply business contributed a profit of HK$18,836,000 to the Group, representing an increase of 1.9% as compared with the corresponding period last year.

I. TERMINAL NAVIGATION LOGISTICS BUSINESS

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

1. Cargo Transportation Business

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

	For the year ended 31st December		
Indicators	**2016**	2015	Change
Container transportation volume (TEU)	**1,452,066**	1,378,337	5.3%
Break bulk cargoes transportation volume (revenue tons)	**286,859**	354,099	-19.0%
Volume of container hauling and trucking on land (TEU)	**285,411**	244,415	16.8%

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 for the year recorded 1,452,000 TEU, representing a year-on-year increase of 5.3%, mainly contributed by the container transportation of the Nansha domestic liner, Shenzhen domestic liner and the domestic transhipment of empty containers. For the break bulk cargo transportation, the break bulk cargo transportation volume for the year recorded 287,000 tons, representing a year-on-year decrease of 19.0%.

Regarding the freight forwarding business, CKTL actively exploited overseas markets, stepped up efforts in exploring the cargo sources to be exported to Singapore and Malaysia as well as reaching a cooperation intention with the business partners in Thailand and obtaining the approval for establishing a freight forwarding company in Thailand.

Regarding the air freight business, Chu Kong International Airfreight Company Limited proactively explored local airfreight market and has become the agency for Hong Kong Airlines (HX) with routes covering China, East Asia, Southeast Asia, Australia and other countries and regions, and especially routes to and from Shanghai, China (PVG) and Taipei (TPE). Due to its outstanding performance, the company has won recognition from its peers in the industry and support from the customers.

2. Cargo Handling and Storage Business

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

	For the year ended 31st December		
Indicators	**2016**	2015	Change
Container handling volume (TEU)	**1,400,124**	1,365,864	2.5%
Volume of break bulk cargoes handled (revenue tons)	**1,577,880**	1,375,912	14.7%

Subsidiaries

CKTL continued to push forward the upgrade of integrated logistic business and extend the logistics service chain with remarkable results achieved. During the year, CKTL actively explored integrated logistics projects and break bulk cargo business, and was again re-awarded the contract of the Hong Kong airplane work warehousing project and also carried out the project on fixed-point/fixed-line delivery service on the airside of the Hong Kong airport to meet the needs for emergency replacement of airplane tires at the airport. CKTL successfully expanded the service scope of the integrated logistics project (cigarette category) jointly undertaken with Dragon Power Group Holdings Limited（津龍集團控股有限公司）. CKTL has also smoothly completed the land exchange for Tuen Mun Godown Wharf, and commenced the construction of the new godown wharf project, achieving seamless migration from the old godown wharf to the new one. In addition, CKTL participated in No.1141 subway transportation project of MTR Shatin to Central Link jointly undertaken with COSCO Logistics (Kunming) and COSCO (H.K.) Shipping, as well as the transportation of bridge components at the Liantang Section jointly undertaken with SINOWAY.

The overall performance of the business of the terminals in Zhuhai region was outstanding. During the year, the total container handling volume of the two terminals in the region amounted to 252,000 TEU, representing a year-on-year increase of 9.3%. Civet Port continued to maintain a strong growth momentum in its container business, and recorded a container handling volume of 193,000 TEU during the year, representing a year-on-year growth of 16.1%; among which, significant increase was recorded in import and export volume of containers and handling volume of break bulk cargo. Civet Port maintained stable customer sources through enhanced marketing efforts, and actively strengthened communications with joint inspection regulators to gain policy support. Civet Port accelerated the renovation of the new warehousing land project, and successfully passed the completion inspection and acceptance during the year, which will be beneficial to the port transformation and upgrading. Affected by the reduction in production by the major customers, Zhuhai Doumen Port recorded a container handling volume of 59,000 TEU during the year, representing a year-on-year decrease of 8.4%. The port successfully developed a new customer - Gree Electric Appliances, established the “Doumen Port – Yantian Port” domestic liner, and cooperated with Civet Port in launching the trailer supporting business to diversify the business models and create new profit growth drivers.

Subsidiaries (Continued)

Due to the domestic economic downturn, the container handling volume in Zhaoqing region decreased. A container handling volume of 305,000 TEU was achieved in Zhaoqing region during the year, representing a year-on-year decrease of 6.0%. The container handling volume of Zhaoqing New Port in the region amounted to 129,000 TEU, representing an increase of 13.3% as compared with the corresponding period last year. Driven by the renewable resources and businesses from new customers, the export volume of port foreign trade recorded significant increase, while the break bulk cargo handling volume recorded a substantial increase on a year-on-year basis, which was mainly due to the diversion of certain bulk coal and limestone cargo sources to Zhaoqing New Port as a result of enhanced supervision over the domestic trade terminals along Xijiang River by Zhaoqing municipal government. Due to the prolonged impact from the traffic control over Xijiang River Bridge, the container handling volume of domestic and foreign trade business at Zhaoqing Kangzhou Port recorded dramatic decrease. The port leveraged on its geographic advantage to attract new customers and made vigorous efforts in developing new businesses, achieving an increase in the break bulk cargo volume from domestic trade as compared with the corresponding period last year. Due to the land transportation overloading prevention measures, the container handling volume at Zhaoqing Sihui Port was basically the same as last year, and the volume of container hauling and trucking recorded a slight decrease year-on-year. Affected by the economic downturn, the container handling volume at Zhaoqing Gaoyao Port recorded a slight decrease year-on-year. However, the port took active measures to address the challenges and risks by focusing on developing a specialised terminal for stone materials, grasping the opportunity arising from weight restriction on highways to expand its customer base, innovatively launching the “water-to-water” mode for domestic trade vessels and explored the emerging stainless steel import business to attract more customers, thereby achieving a substantial year-on-year increase in the break bulk cargo handling volume.

Gaoming Port of Foshan recorded a container handling volume of 385,000 TEU during the year, representing a slight increase of 2.2%. Faced with the domestic economic downturn and fierce competition from the surrounding terminals, Gaoming Port coped with these challenges with a series of proactive measures, maintaining stable performance in the import and export business. Under the support from the policy department and the customers, Gaoming Port successfully pushed forward the “water-to-water” business during the year, and launched the maiden voyage in July. In addition, Gaoming Port also carried out upgrade and transformation to its existing equipment, significantly improving the operating efficiency of the port.

The container handling volume of Qingyuan Port amounted to 29,000 TEU during the year, representing a year-on-year decrease of 1.0%. 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 and the shortened operation period due to closure of navigation for overhaul during the second half of the year, the businesses of the port were heavily hit. Qingyuan Port has made in-depth communication with the relevant governmental authorities. In addition, Qingyuan Port continued to push forward the manifest distribution business model between Nansha and Qingyuan, and vigorously promoted the new business model through communications with various joint inspection regulators and the customers, in a bid to enhance competitiveness of the port.

Subsidiaries (Continued)

After completion inspection and acceptance by the joint inspection regulators, Zhongshan Huangpu Port was open to navigation on 28th December 2016. The port kicked off to a good start during the year. Huangpu Port will spare no effort to expand business, introduce large liners and develop large customers, with an aim to realise profit as soon as possible.

Chu Kong Air-Sea Union Transportation Company Limited has made smooth transfer of the land at Marine Cargo Terminal back to the Airport Authority Hong Kong during the year, and 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 customers.

Joint Ventures and Associates

The performance of the operating businesses of the joint ventures and associates of the Group were mixed. During the year, 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.. A total container handling volume of 257,000 TEU was recorded, representing a year-on-year increase of 27.4%. Among which, Sanbu Port finetuned its market strategy and leveraged on its advantages in both its strong service integration capability and provision of regular barge services, so as to consolidate its local import and export cargo sources. Sanbu Port also actively developed cargo sources in the surrounding regions such as Enping and Taishan, gradually perfecting the infrastructure construction and logistics distribution service system of the port, and vigorously expanded cargo sources such as dry cargo container and refrigerated container, achieving a container handling volume of 135,000 TEU during the year, which represented a year-on-year increase of 15.5%. However, due to the decrease in the handling volume of foreign trade containers which had a higher profit margin, profit for the year of Sanbu Port decreased significantly as compared with that of last year, Meanwhile, Heshan Port recorded a total container handling volume of 123,000 TEU, representing a year-on-year significant increase of 43.8%. Among which, reusable plastics and rubber wood businesses recorded strong growth. In addition, the port enhanced cooperation with other barge companies to enrich the routes, providing customers with more options of routes for import and export businesses.

During the year, 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 511,000 TEU, representing a year-on-year increase of 5.0%. Because of the restatement of costs carried out by Foshan New Port Ltd. during the year, profit for the year recorded a substantial decrease as compared with that of last year. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 378,000 TEU, which was the same as that of the same period last year.

In respect of the terminal navigation logistics business, the joint ventures and associates contributed a profit of HK$30,375,000 to the Group, representing a year-on-year decrease of 12.1%.

II. PASSENGER TRANSPORTATION BUSINESS

Business Operation Indicators

Performance statistics of our major business operation indicators are as follows:

	For the year ended 31st December Number of Passengers (in thousands)		
Indicators	**2016**	2015	Change
Number of passengers for agency services	**6,217**	6,607	-5.9%
Number of passengers for terminal services	**6,625**	7,514	-11.8%

Subsidiaries

Affected by various factors such as continuously strong wind and heavy fog weather in March and April, the buoyant tourism market in the neighboring countries and regions, the depreciation of Renminbi and the emergence of cross-border e-commerce business, the passenger transportation business was under downward pressure. During the year, the total number of passengers for agency services of CKPT was 6,217,000, representing a year-on-year decrease of 5.9%. The number of passengers for terminal services recorded 6,625,000, representing a year-on-year decrease of 11.8%. However, as benefiting from the lower oil prices and improvement in operation efficiency, the overall profit contribution by passenger transportation business remained stable, amounting to HK$128,473,000, representing a slight decrease as compared with that of the same period last year.

Regarding urban routes, the number of passengers for agency service recorded 4,055,000 during the year, representing a year-on-year decrease of 7.4%. The airport routes recorded a number of 2,162,000 passengers for agency service, representing a year-on-year slight decrease of 2.9%, mainly affected by the short-term impacts of domestic economic transformation and upgrade and the diversion of passenger sources due to the launch of additional international routes by the surrounding domestic airports. Despite of this, there were highlights in the performance of individual feeders of the airport routes. With the increase in the number of flights for the Macau airport routes, the number of passengers of the Macau routes recorded a year-on-year increase of 35.5%. Lianhuashan Port stepped up marketing efforts for the airport routes and increased the number of flights, achieving a year-on-year increase of 165.6% in terms of number of passengers.

__Subsidiaries (Continued)__

Leveraging on the local ferry business platform, CKPT focused on promoting the middle to high-end tourism project “Victoria Harbour Tour”, so as to speed up the localisation and diversity of its business. Adhering to the strategy of “tourism passenger transportation”, CKPT integrated the tourism resources both at home and abroad, and carried out marketing and promotion activities to expand its customer base through cooperation with partners from the tourism industry, so as to promote transformation and upgrading of its existing businesses. 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, so as to lay a foundation for ticket agency cooperation. The relevant cooperation projects went online successively during the year. Moreover, CKPT actively implemented the "Internet +" strategy and enhanced its information system. CKPT made continuous efforts to improve the mobile ticketing platform “HEMA-WANG”, and put into use a variety of supporting facilities such as self-service ticket machine, so as to optimise user experience and enhance the convenience of online platform. CKPT made great efforts to develop overseas business, implemented the "Go Overseas" strategy along the "One Belt and One Road" route, and extended its passenger transportation network and business presence, so as to further improve its brand recognition. At present, periodic progress has been achieved for a number of overseas projects.

__Joint Ventures and Associates__

During the year, SkyPier (operated by Hong Kong International Airport Ferry Terminal Services Limited) has served 2,599,000 passengers for terminal services, representing a year-on-year decrease of 9.1%. The number of passengers for agency services of Zhongshan – Hong Kong Passenger Shipping Co-op Co. Ltd. in Zhongshan and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. amounted to 935,000 and 539,000 respectively, representing a year-on-year decrease of 4.8% and 7.5% respectively. Despite the decrease in the total number of passengers, the joint ventures and associates of passenger transportation business contributed a profit of HK$62,252,000 to the Group, representing a slight year-on-year increase of 2.3%, which was attributable to the various measures implemented by these companies such as cost cutting and improvement of operation efficiency.

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III. FUEL SUPPLY BUSINESS

As to the fuel supply business, Sun Kong Petroleum recorded a sales volume of diesel of 123,000 tons, representing a slight increase as compared to the corresponding period last year, which was mainly attributable to the oil supply project with CotaiJet, and a sales volume of engine oil of 569,000 litres, basically the same with that of last year. Sun Kong Petroleum has successfully obtained several key projects including the oil supply project with the Hong Kong China Ferry Terminal, ensuring the safe operation of oil supply business. In the future, Sun Kong Petroleum will consolidate and enhance cooperation of the major petroleum companies, strengthen communication with the government and proactively explore the engine oil transportation business.

Sun Kong Petroleum contributed a profit of HK$18,836,000 to the Group for the year.

IV. CORPORATE AND OTHER BUSINESSES

As to the corporate and other businesses, Macau Cotai became one of the qualified service providers of the dockyards of Macau Government by establishing long-term cooperation with the dockyards of Macau Government, and proactively explored new vessel maintenance business. Macau Cotai won three contracts in relation to the relevant vessel repair and maintenance project from Macau Government, successfully renewed the facility maintenance services and passenger services contracts for the Taipa Temporary Ferry Terminal and the Inner Harbour Ferry Terminal, and provided facility repair and maintenance and customer services for Outer Harbour Ferry Terminal.

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

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 keeps close track of its working capital and financial resources to maintain a solid financial position. As at 31st December 2016, the Group secured a total credit limit of HK$1,225,000,000 and RMB100,000,000 (equivalent to approximately HK$111,794,000) (2015: HK$554,000,000 and RMB100,000,000 (equivalent to approximately HK$119,360,000)) granted by bona fide banks.

As at 31st December 2016, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.4 (2015 (restated): 1.7).

As at 31st December 2016, the Group's cash and cash equivalents amounted to HK$817,669,000 (2015 (restated): HK$912,794,000), which represented 20.3% (2015 (restated): 21.5%) of the total assets.

As at 31st December 2016, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 8.7% (2015 (restated): 7.1%) and the debt ratio, representing total liabilities divided by total assets, was 27.6% (2015 (restated): 26.9%).

After considering its current 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 purposes. During the year, the Group did not use any financial instruments for hedging purpose.

BANK LOANS AND PLEDGE OF ASSETS

Bank Loans	**As at 31st December 2016**	As at 31st December 2015
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	**200,000,000**	179,000,000
Bank located in China (Note 2)		
- Renminbi	**68,763,000**	48,333,000
	(equivalent to approximately HK$76,873,000)	(equivalent to approximately HK$57,690,000)

Note:

1. The loans from banks located in Hong Kong in 2016 borne floating interest rate and were unsecured. The relevant terms of which are identical with those set out in 2015 Annual Report.
2. The loan from bank located in China in 2016 borne floating interest rate and was secured by the 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 31st December 2016, the Group deposited its cash and cash equivalents with several reputable banks, mainly of which were denominated in Hong Kong dollar and Renminbi with a small amount in United States dollar and Macau pataca.

CAPITAL COMMITMENTS

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

During the year, the Group completed the acquisitions of 100% equity interest in Sun Kong Petroleum from Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), the immediate holding company of the Company) as well as 100% equity interest in Macau Cotai from CKSE and Sportwise Development Limited (a wholly-owned subsidiary of CKSE). Sun Kong Petroleum and Macau Cotai became a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company, respectively. Please refer to the announcement, supplemental announcement and circular of the Company dated 4th March 2016, 24th March 2016 and 29th March 2016 respectively for further particulars of the transactions. Save as disclosed in this announcement, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the year.

SIGNIFICANT INVESTMENT

As disclosed in the announcement of the Company dated 3rd August 2016, Chu Kong Warehouse Properties Co. Ltd. ("CKWP"), a wholly-owned subsidiary of the Company, agreed to surrender Section A of Tuen Mun Town Lot No. 320 to the government and the government agreed to regrant a lot to CKWP for a premium of HK$198,970,000. Save as disclosed in this announcement, there was no significant investment held by the Group for the year.

CONTINGENT LIABILITIES

As at 31st December 2016, the Group had no material contingent liabilities (2015: Nil).

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 year. The Company did not redeem any of its shares during the year.

PUBLICATION OF RESULTS ON THE WEBSITES

The annual report of the Company for the year ended 31st December 2016 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the SEHK and the Company (www.cksd.com) in due course.

ANNUAL GENERAL MEETING OF THE COMPANY ("AGM")

The AGM is to be held on 17th May 2017 and the notice of the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") with the prescribed time and in such manner as required by the Listing Rules.

FINAL DIVIDEND

The directors of the Company (the "Directors") have declared during the year an interim dividend of HK3 cents (2015: interim dividend of HK4 cents and interim special dividend of HK1 cent) per ordinary share, totaling HK$32,400,000 (2015: HK$54,000,000) and was paid on 31st October 2016. The Directors have proposed a final dividend of HK6 cents (2015: HK5 cents) per ordinary share for the year ended 31st December 2016, totaling HK$64,800,000 (2015: HK$54,000,000) to Shareholders whose names appeared on the register of members on 26th May 2017. The final dividend is expected to be paid in cash with an option to elect to receive wholly or partly an allotment and issue of new shares of the Company credited as fully paid in lieu of cash in respect of the proposed final dividend. Subject to the Shareholders' approval of the payment of final dividend for the year ended 31st December 2016 at the AGM, details of the scrip dividend scheme will be set out in a circular to be despatched to the Shareholders.

CLOSURE OF REGISTER MEMEBRS

The register of members of the Company will be closed from 12th May 2017 (Friday) to 17th May 2017 (Wednesday), during which no transfer of shares will be effected. In order to ascertain shareholders' rights for the purpose of attending and voting at the AGM to be held on 17th May 2017 (Wednesday), 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. (Hong Kong time) on 11th May 2017 (Thursday) for registration.

The register of members of the Company will be closed from 24th May 2017 (Wednesday) to 26th May 2017 (Friday), both dates inclusive, during which no transfer of shares will be effected for the purpose of ascertaining the Shareholders entitled to the final dividend for the year ended 31st December 2016 to be approved at the AGM. In order to qualify for the final dividend for the year ended 31st December 2016, 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. (Hong Kong time) on 23rd May 2017 (Tuesday) for registration. The dividend warrants for the cash dividends and the share certificates are expected to be sent by ordinary mail to the Shareholders at their own risk on or around 21st July 2017 (Friday).

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting policies and principles adopted by the Group with the management, and discussed the relevant matters such as auditing, internal controls and financial reporting. The annual results for 2016 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Directors have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "Code") under Appendix 14 to the Listing Rules. Save as disclosed below, the Directors consider that the Company has complied with all applicable Code for the year ended 31st December 2016.

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 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 independent viewpoints 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 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 held on 21st May 2015, and being eligible, offered themselves for re-election at the said meeting. Mr. Chan and Ms. Yau had already been re-appointed by separate resolutions of the then Shareholders at the said meeting.

According to the provision of Code A.2.1, the roles of chairman and chief executive should be separated 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 unanimously resolved to appoint Mr. Xiong Gebing, the managing Director, 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.

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

The details of the principles and procedures related to the corporate governance of the Company will be published in 2016 Annual Report.

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 as its code of conduct of Directors for conducting securities transactions. All Directors have confirmed, following specific enquiry of all Directors that they have fully complied with the required standards set out in the Model Code in relation to such transactions during the accounting period covered by this announcement.

By Order of the Board
Xiong Gebing
Managing Director

Hong Kong, 30th March 2017

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