
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this document or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chu Kong Shipping Enterprises (Group) Company Limited, you should at once hand this circular and the accompanying form of election to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to that Shareholder without Chu Kong Shipping Enterprises (Group) Company Limited having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities.



**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31ST DECEMBER 2017**

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EXPECTED TIMETABLE

The following is a summary of the events in relation to the Scrip Dividend Scheme in the form of a timetable:

Closure of the register of members of the Company	Wednesday, 23rd May 2018 to Friday, 25th May 2018 (both dates inclusive)
Fix the market value of a Scrip Share (5 trading days average)	Wednesday, 23rd May 2018 to Tuesday, 29th May 2018 (both dates inclusive)
Record Date	Friday, 25th May 2018
Despatch of Election Form	Friday, 15th June 2018
Latest time for return of the Election Form to the Share Registrar	4:30 p.m. on Wednesday, 4th July 2018
Despatch of dividend warrants for cash dividends and definitive certificates for Scrip Shares at the risk of recipients	on or about Wednesday, 18th July 2018
Dealings in Scrip Shares expected to commence	on or about Thursday, 19th July 2018

Notes:

1. All references to date and time are Hong Kong date and time.
2. If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force at or at any time prior to 4:30p.m. on Wednesday, 4th July 2018, the deadline for return of the Election Form will be changed. Further information is set out in paragraph headed “Form of Election” of the “Letter from the Board”.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors from time to time
“Company”	Chu Kong Shipping Enterprises (Group) Company Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Election Form”	the form of election in relation to the Scrip Dividend Scheme
“Final Dividend”	the final dividend of HK\$0.05 per Share for the year ended 31st December 2017 payable to the Shareholders whose names were recorded on the register of members of the Company on the Record Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	Tuesday, 12th June 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macao”	the Macao Special Administrative Region of the PRC
“Overseas Shareholder(s)”	Shareholders whose addresses as shown on the register of members of the Company on the Record Date were outside Hong Kong
“PRC”	the People’s Republic of China
“Record Date”	Friday, 25th May 2018
“Scrip Dividend Scheme”	the scheme offering the Shareholders the scrip dividend option whereby the Shareholders may elect to receive their Final Dividend wholly or partly by the allotment of Scrip Shares credited as fully paid in lieu of cash dividend

DEFINITIONS

“Scrip Share(s)”	Scrip Share(s) to be allotted, issued and credited as fully paid up under the Scrip Dividend Scheme
“Share(s)”	the ordinary share(s) of the Company
“Share Registrar”	the Company’s share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Huang Liezhang (*Chairman/Managing Director*)
Mr. Zeng He
Mr. Cheng Jie

Registered office:

22nd Floor, Chu Kong Shipping Tower,
143 Connaught Road Central,
Hong Kong

Non-executive Director:

Mr. Fan Linchun

Principle Place of Business

in Hong Kong:

24th Floor, Chu Kong Shipping Tower,
143 Connaught Road Central,
Hong Kong

Independent Non-Executive Directors:

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

15th June 2018

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31ST DECEMBER 2017**

INTRODUCTION

On 23rd March 2018, the Board announced the audited consolidated results of the Group for the year ended 31st December 2017 and recommended the payment of the Final Dividend which is payable in cash with a scrip dividend option. At the annual general meeting of the Company held on 15th May 2018, the Final Dividend was approved by the Shareholders.

The purpose of this circular is to provide information relating to the Scrip Dividend Scheme and the action to be taken by the Shareholders in relation thereto.

LETTER FROM THE BOARD

THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, the Final Dividend is payable in cash with a scrip dividend option to the Shareholders whose names were shown on the register of members of the Company on the Record Date.

The Shareholders may elect to receive the Final Dividend in one of the following ways:

- (i) a cash dividend of HK\$0.05 per Share; or
- (ii) an allotment of such number of Scrip Shares credited as fully paid and having an aggregate market value (as calculated below) equal to, save for adjustment for fractions, the total amount of the Final Dividend which such Shareholder could elect to receive in cash (the “**Maximum Entitlement**”); or
- (iii) partly Scrip Shares not exceeding the Maximum Entitlement and the remainder in cash.

For the purpose of calculating the Maximum Entitlement, the price of a Scrip Share will be HK\$2.014 (the “**Average Closing Price**”), which is the average closing price of one existing Share on the Stock Exchange for the five consecutive trading days (on which such price is available) from Wednesday, 23rd May 2018 to Tuesday, 29th May 2018 (both dates inclusive). Accordingly, a Shareholder electing for Scrip Shares under option (ii) above will receive such number of Scrip Shares as calculated below:

$$\begin{array}{rcccl} \text{Number of Scrip} & & \text{Number of Shares held on the} & & \text{HK\$0.05} \\ \text{Shares to be} & = & \text{Record Date and elected for} & \times & \text{(Final Dividend per Share)} \\ \text{received} & & \text{the Scrip Shares} & & \hline & & & & \text{HK\$2.014} \\ & & & & \text{(Average Closing Price)} \end{array}$$

The Scrip Shares will rank *pari passu* in all respects with the existing issued Shares, and will rank in full for all future dividends and distribution which may be declared, made or paid (except for the Final Dividend).

The number of Scrip Shares to be issued to the Shareholders will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares under options (ii) and (iii) above will be paid in the form of cash dividend to the respective Shareholders concerned.

LETTER FROM THE BOARD

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 1,101,890,171 Shares in issue on the Record Date, if no election for the Scrip Shares is received, the total cash dividend payable by the Company will be HK\$55,094,508.55. If all Shareholders elect to receive their entitlements to the Final Dividend in form of Scrip Shares, the maximum number of Scrip Shares to be issued will be 27,355,763 Shares representing approximately 2.48% of the existing total number of issued shares of the Company and approximately 2.42% of the then total number of issued shares of the Company as enlarged by the issue of the Scrip Shares.

Shareholders should note that the Scrip Shares may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

ADVANTAGE OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to the Shareholders who elect to receive the Scrip Shares in lieu of the cash dividend either in whole or in part, will be retained for use as working capital by the Company.

CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Scrip Shares to be issued in respect of the Final Dividend.

If this condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms will be void. The Final Dividend will then be paid wholly in cash.

LETTER FROM THE BOARD

FORM OF ELECTION

The Election Form is enclosed with this circular for use by the Shareholders who wish to elect to receive the Final Dividend wholly in Scrip Shares, or partly in cash and partly in Scrip Shares. Please read carefully the instructions below and the instructions printed on the Election Form.

If you wish to receive the Final Dividend wholly in cash, you do not need to take any action. Therefore, please DO NOT return the Election Form.

If you elect to receive the Final Dividend wholly in Scrip Shares, please just SIGN, DATE and RETURN the Election Form.

If you wish to receive the Final Dividend partly in cash and partly in Scrip Shares, please ENTER in Box C of the Election Form the number of Shares which you held on the Record Date for which you require the Final Dividend to be paid in Scrip Shares. Then SIGN, DATE, and RETURN the Election Form.

If you sign the Election Form but do not specify the number of Shares in respect of which you wish to receive Scrip Shares in lieu of the cash dividend, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding as at the Record Date, then in either case, you will be deemed to have exercised your election to receive Scrip Shares in respect of all the Shares registered in your name on the Record Date.

The Election Form should be completed in accordance with the instructions printed thereon and returned to the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong so as to be received **no later than 4:30 p.m. on Wednesday, 4th July 2018.**

The latest time for return of the Election Form mentioned above will not be valid if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:

- (a) in force in Hong Kong at any time before 12:00 p.m. and no longer in force after 12:00 p.m. on Wednesday, 4th July 2018. Instead the deadline for the submission of the Election Form will be 5:00 p.m. on the same business day;
- (b) in force in Hong Kong at any time between 12:00 p.m. and 4:30 p.m. on Wednesday, 4th July 2018. Instead the deadline for the submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m..

LETTER FROM THE BOARD

Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Shareholder's Final Dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Final Dividend may, after the relevant Election Forms are signed and returned to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

OVERSEAS SHAREHOLDERS

This circular will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction. No Overseas Shareholder receiving a copy of this circular and/or the Election Form in any territory outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to him without the Company having to comply with any registration or other requirements or formalities in the relevant jurisdiction. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular and/or the Election Form for information only.

Based on the Company's register of members as at the Record Date, there were three Overseas Shareholders with registered addresses outside Hong Kong, namely one in the PRC, one in Macao and one in Taiwan, who together held an aggregate of 6,000 Shares, representing approximately 0.0005% of the number of issued Shares as at the Record Date. The aggregate amount of the Final Dividend to which these Overseas Shareholders are entitled is approximately HK\$300.

The Company has made enquiries on the legal restrictions and regulatory requirements and formalities in relation to the participation of the Scrip Dividend Scheme by the Overseas Shareholders in the above jurisdictions and was advised that no local regulatory compliance would be required to be made in the said jurisdictions by the Company to issue the Scrip Shares to the Overseas Shareholders. Accordingly, the Overseas Shareholders will not be excluded from the Scrip Dividend Scheme and the Election Form will be sent to each of the Overseas Shareholders together with this circular.

Based on the relevant legal opinion obtained, your attention is drawn to the following statement in respect of Taiwan:

Taiwan

The offer of the Scrip Shares has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered, sold or issued within Taiwan through a public offering or in a circumstance which constitutes an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised by the Company to offer or sell the Scrip Shares in Taiwan.

LETTER FROM THE BOARD

Neither this circular nor the Election Form will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. The participation in the Scrip Dividend Scheme by the Overseas Shareholders may be restricted by the laws of their relevant jurisdictions. Notwithstanding the enquiries made by the Company as aforesaid, it is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws and regulations of the relevant jurisdiction including obtaining any registration or approval or consent or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive Scrip Shares in lieu of cash dividend must also comply with any restrictions on the sale of the Scrip Shares which may apply outside Hong Kong. **Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether or not they are permitted to receive the Final Dividend in the form of an issue of Scrip Shares or if any governmental or other consent is required or other formalities which need to be observed and whether there are any other restrictions in relation to the future sale of any Scrip Shares so acquired. Overseas Shareholders residing in jurisdictions where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this circular and/or the Election Form for information only.**

STOCK EXCHANGE LISTING, CLEARING AND SETTLEMENT

An application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Scrip Shares. It is expected that the certificates for the Scrip Shares will be posted to the Shareholders who have elected to receive some or all of their Final Dividend in the form of Scrip Shares at their own risk on or about Wednesday, 18th July 2018. Dealings in the Scrip Shares on the Stock Exchange are expected to commence on or about Thursday, 19th July 2018.

Subject to the granting of the listing of and permission to deal in the Scrip Shares issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

The Shares are listed, and dealt in, on the Stock Exchange. No Shares are listed or dealt in on any other stock exchange and the Company is not currently seeking to list its securities on any other stock exchange.

Scrip Shares issued to the Shareholders pursuant to an election to receive some or all of their Final Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

LETTER FROM THE BOARD

GENERAL

Shareholders who are trustees are recommended to seek professional advice as to whether their election to receive the Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Whether or not it is to your advantage to receive cash or Scrip Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting from that decision are your responsibility. If you are in any doubt as to what to do, you are recommended to consult your own professional advisers.

By order of the Board
Chu Kong Shipping Enterprises (Group) Company Limited
Huang Liezhang
Chairman / Managing Director