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(Incorporated in Hong Kong with limited liability)

(Stock Code : 00560)

CONNECTED TRANSACTION

DISPOSAL OF A PROPERTY

THE DISPOSAL

On 28 June 2019, the Company entered into the SP Agreement with CKSE, pursuant to which the Company agreed to sell and CKSE agreed to acquire the Property at a consideration of HK\$ 60,400,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CKSE is the controlling shareholder of the Company, holding approximately 70.0% of the total issued share capital of the Company, it is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios of the Disposal exceeds 0.1% but is lower than 5%, such a transaction is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 28 June 2019, the Company entered into the SP Agreement with CKSE, pursuant to which the Company agreed to sell and CKSE agreed to acquire the Property at a consideration of HK\$60,400,000.

A. SP AGREEMENT

Date : 28 June 2019

Parties : (1) the Company, as vendor; and

(2) CKSE, as purchaser

Property : 23 Floor, G.D. Real Estate Tower (also known as Chu Kong Shipping Tower), 143 Connaught Road Central, Hong Kong (whole floor)

Consideration : HK\$60,400,000. The consideration shall be fully paid by the vendor as at the Completion.

The consideration has been arrived at after arm's length negotiations between the Company and CKSE with reference to the market value of the Property of HK\$60,400,000 as set out in the valuation report by RHL, an independent professional valuer, adopting the market direct comparison method.

The Directors (including independent non-executive Directors) consider that the SP Agreement and the Disposal are entered into on normal commercial terms, that their terms (including consideration) are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

B. FINANCIAL IMPACT ON THE DISPOSAL AND USE OF PROCEEDS

The net sale proceeds (after deducting the estimated transaction expenses) of the Disposal is approximately HK\$60,300,000, which is receivable in cash on Completion. The consideration for the Disposal represented the market price of the Property as at 31 March 2019. The Company intends to apply the sale proceeds for general corporate purposes.

For illustrative purpose, based on the Company's record of the net book value of the Property as at 31 May 2019 of approximately HK\$4,600,000 and the consideration of HK\$60,400,000 under the SP Agreement, it is estimated that the Group will record a gain from the Disposal of approximately HK\$55,700,000, net of estimated transaction expenses.

C. INFORMATION OF THE PARTIES

The Company and its subsidiaries are mainly engaged in provision of management and other related services to high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau; the operation and management of river trade cargo terminals in the PRC and Hong Kong; and cargo transportation, warehousing and storage businesses; provision of diesel and lubricants for passenger ferries and cargo vessels in Hong Kong; and provision of operation and management of facilities maintenance services for properties and so forth in Macau.

CKSE operates a wide variety of businesses including (1) acting as an agent of ferry tickets for passenger transportation between Hong Kong and various ports in the Pearl River Delta Region, (2) passenger ferry operation between Hong Kong, Macau and the Pearl River Delta Region; river trade transportation of cargoes between Guangdong Province, Hong Kong, and Macau, (3) ship repair and maintenance services, (4) duty free goods and shops operations and oil supply services, (5) tourism business, (6) highway infrastructure investment and (7) property development.

D. REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL

The Company purchased the Property on 20 May 2003 mainly for the Company's own use. The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to the Shareholders. Having regard to the prevailing market conditions, the Directors are of the view that the Disposal provides an opportunity for the Group to realise a capital gain from the Property and generate additional working capital for the Group, so that the Group can have additional cash to acquire projects with higher returns.

E. LISTING RULES IMPLICATIONS

As at the date of this announcement, CKSE is the controlling shareholder of the Company under the Listing Rules, holding approximately 70.0% of the total issued share capital of the Company, it is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios of the Disposal exceeds 0.1% but is lower than 5%, such a transaction is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Huang Liezhang, Mr. Wu Qiang, being executive Directors and Ms. Ye Meihua, being the non-executive Director, are also directors of CKSE. Mr. Leng Buli, Mr. Chen Jie and Mr. Liu Wuwei, being the executive Directors as at the date of this announcement, are also the directors of subsidiaries of Guangdong Province Navigation Group Company Limited* (廣東省航運集團有限公司) which is the parent company of CKSE. Each of Mr. Huang Liezhang, Mr. Wu Qiang, Mr. Chen Jie, Mr. Leng Buli, Mr. Liu Wuwei and Ms. Ye Meihua, is being regarded as having a material interest in the Disposal and has abstained from voting on the Board resolution approving the SP Agreement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

“Board”	the board of Directors;
“CKSE”	Chu Kong Shipping Enterprises (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the controlling Shareholder holding approximately 70.0% of the total issued share capital of the Company as at the date of this announcement;
“Company”	Chu Kong Shipping Enterprises (Group) Company Limited (stock code: 00560), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Disposal on or before 28 June 2019 in accordance with the SP Agreement;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property pursuant to the SP Agreement;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Percentage Ratio(s)”	the percentage ratio(s) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“Property”	23 Floor, G.D. Real Estate Tower (also known as Chu Kong Shipping Tower), 143 Connaught Road Central, Hong Kong (whole floor);
“RHL”	RHL Appraisal Limited, an independent professional valuer;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares of the Company;
“SP Agreement”	the sales and purchase agreement entered into between the Company and CKSE on 28 June 2019 for the Disposal;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited;

“%”

per cent.

By order of the Board
Chu Kong Shipping Enterprises (Group) Co., Ltd.
Wu Qiang
Managing Director

Hong Kong, 28 June 2019

As at the date of this announcement, the Company's executive Directors are Mr. Huang Liezhang, Mr. Wu Qiang, Mr. Chen Jie, Mr. Leng Buli and Mr. Liu Wuwei; non-executive Director is Ms. Ye Meihua; and independent nonexecutive Directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

* *Translation for identification purpose only*