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CONTINUING CONNECTED TRANSACTIONS

SUPPLEMENTAL AGREEMENT TO THE MANAGEMENT AGREEMENT

Reference is made to the announcement of Chu Kong Shipping Enterprises (Group) Company Limited (the “Company”) dated 28 June 2017 (the “Announcement”) in relation to the Management Agreement by which Chu Kong Shipping Enterprises (Holdings) Company Limited (“CKSE”) entrusted the Company to manage some of its assets. Terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

THE SUPPLEMENTAL AGREEMENT

The Company and CKSE entered into a supplemental agreement to the Management Agreement on 1 August 2019 (the “Supplemental Agreement”) for adding two new assets of CKSE into the Assets under the Management Agreement. The Supplemental Agreement and the Management Agreement shall collectively be deemed and interpreted as a single agreement. The Supplemental Agreement will take effect from 1 July 2019, and shall expire in line with the Management Agreement on 30 June 2020.

Save for the following content newly added by the Supplemental Agreement, all of the terms of the Management Agreement, including the annual caps of HK\$30,000,000, remain unchanged.

1. INFORMATION OF THE NEW ASSETS

1.1 Fortune Ferry Company Limited (富裕小輪有限公司)

Fortune Ferry Company Limited is a wholly-owned subsidiary of CKSE incorporated in Hong Kong. Its business scope includes operation of ferry business in Hong Kong.

1.2 Guangdong Zhu Chuan Navigation Co., Ltd.* (廣東珠船航運有限公司)

Guangdong Zhu Chuan Navigation Co., Ltd.* is a wholly-owned subsidiary of CKSE incorporated in the PRC. Its business scope includes provision of waterway cargo transportation among Guangdong province, Hong Kong and Macau.

1.3 Zhaoqing Chu Kong Logisitcs (Dawang) Co., Ltd.* (肇慶大旺珠江物流有限公司)

Zhaoqing Chu Kong Logisitcs (Dawang) Co., Ltd.* is a wholly-owned subsidiary of CKSE incorporated in the PRC. Its business scope includes provision of cargo agency, logistics services, cargo transshipment, storage, container trucking and other related business.

1.4 Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd.* (肇慶大旺珠船貨運碼頭有限公司)

Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd.* is a wholly-owned subsidiary of CKSE incorporated in the PRC. Its business scope includes cargo terminal operation, cargo handling, transportation and storage and other related business.

2. NEW TOTAL ASSETS VALUE

The total amount of (1) total asset value of Yuet Hing Marine Supplies Co., Ltd. (粵興船舶用品有限公司); (2) total asset value of China Hong Kong Macau Duty Free Goods Ltd. (中港澳免稅用品有限公司); (3) total asset value of Chu Kong Maritime Consultant Co., Ltd. (珠江海事顧問有限公司); (4) total asset value of Yuet Tung Shipping Co., Ltd. (粵通船務有限公司); (5) total asset value of Fortune Ferry Company Limited (富裕小輪有限公司); (6) total asset value of Guangdong Zhu Chuan Navigation Co., Ltd.* (廣東珠船航運有限公司); (7) total asset value of Zhaoqing Chu Kong Logisitcs (Dawang) Co., Ltd.* (肇慶大旺珠江物流有限公司); (8) Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd.* (肇慶大旺珠船貨運碼頭有限公司); (9) 16.5% of the total asset value of Shunde Container Terminal Co., Ltd.* (佛山市順德區容奇港集裝箱碼頭有限公司); (10) 25% of the total asset value of Guangzhou Panyu Lianhuashan Pan Kong Cargo Transportation Co-operation Co., Ltd.* (廣州市番禺蓮花山香港貨運有限公司); (11) 50% of the total asset value of Gugangzhou Nansha International Logistics Park Development Co., Ltd. * (廣州南沙國際物流園開發有限公司); and (12) 25% of the total asset value of Yueke Shipping Financial Leasing Co., Ltd.* (粵科港航融資租賃有限公司) as shown in their respective management account agreed by both CKSE and the Company.

BACKGROUND OF AND REASONS FOR THE SUPPLEMENTAL AGREEMENT

As stated in the annual report of the Company for the year ended 31 December 2018, the Company will endeavour to establish the “five platforms”, namely cross-border passenger transportation, transportation in Hong Kong, terminal logistics, “Belt and Road Initiative” investments and capital operation. One of the important measures is to continue the study on acquisition of quality assets of the parent company. The execution of the Supplemental Agreement between CKSE and the Company will enable the Group to utilize its experience and expertise in operating and management of the businesses of the Assets such as transportation in Hong Kong. As such, the Group will generate income through the provision of the Assets management services while the Assets will be operated and managed in an efficient and orderly manner so as to facilitate the injection of the Assets into the Group. In addition, the Supplemental Agreement will also reduce the operating costs of the Company.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement are fair and reasonable, the Supplemental Agreement was entered into on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As CKSE holds approximately 70% of the total issued share capital of the Company as at the date of this announcement, CKSE is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions under the Management Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company. As each of the percentage ratios relating to the annual caps of HK\$30,000,000 is more than 0.1% but less than 5%, the continuing connected transactions under the Management Agreement and the Supplemental Agreement are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Huang Liezhang, Mr. Wu Qiang, being the executive Directors and Ms. Ye Meihua, being the non-executive Director, as at the date of this announcement, are also the 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 continuing connected transactions and have abstained from voting on the board resolution approving the Supplemental Agreement.

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

Hong Kong, 1 August 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 non-executive directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

**For identification purpose only*