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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00560)**

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE  
ACQUISITION OF 40% OF THE TOTAL ISSUED SHARE CAPITAL IN THE  
TARGET COMPANY**

**THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 30 November 2021, after trading hours, the Company as the purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company as the purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares (representing 40% of the total issued share capital of the Target Company) at a consideration of HK\$152,000,000.

As at the date of this announcement, the Target Company is owned as to 40% and 60% by the Vendor and the Company, respectively, and is a direct non wholly-owned subsidiary of the Company. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable Percentage Ratios with respect to the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds approximately 70% of the total issued share capital of the Company and hence the Vendor is a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios with respect to the Acquisition exceeds 5%, and the consideration of the Acquisition exceeds HK\$10,000,000, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Liu Guanghui, Mr. Wu Qiang, being the executive Directors and Ms. Zhong Yan, being the non-executive Director, are also the directors of the Vendor. Mr. Liu Wuwei, being the executive Director as at the date of this announcement, is also the director of subsidiaries of the Vendor. Each of Mr. Liu Guanghui, Mr. Wu Qiang, Ms. Zhong Yan and Mr. Liu Wuwei, is being regarded as having material interest in the transactions contemplated under the Sale and Purchase Agreement and have abstained from voting on the board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Kay-cheung, Ms. Yau Lai Man, Mr. Chow Bing Sing has been formed to consider, and to advise the Independent Shareholders, amongst other things, whether the Acquisition is fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Frontpage Capital has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

#### **GENERAL MEETING**

A General Meeting will be convened and held to consider and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. The Vendor and its associates are required to abstain from voting on the resolutions to be proposed at the General Meeting.

#### **CIRCULAR**

A circular containing, inter alia, (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (iv) a notice of the General Meeting, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 14 December 2021.

**Shareholders and potential investors should note that completion of the Acquisition is subject to the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 30 November 2021, after trading hours, the Company as the purchaser and the Vendor, entered into the Sale and Purchase Agreement, pursuant to which (i) the Company as the purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares (representing 40% of the total issued share capital of the Target Company) at a consideration of HK\$152,000,000.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are summarized as follows:

**Date** : 30 November 2021 (after trading hours)

**Parties** : (1) the Company as the purchaser; and  
(2) the Vendor

## **ASSETS TO BE ACQUIRED**

Pursuant to the Sale and Purchase Agreement, the Company as the purchaser conditionally agreed to acquire the Sale Shares, representing 40% of the total issued share capital of the Target Company and the Vendor conditionally agreed to sell the Sale Shares at a consideration of HK\$152,000,000.

As at the date of this announcement, the Target Company is owned as to 40% and 60% by the Vendor and the Company, respectively, and is a direct non wholly-owned subsidiary of the Company. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company. The financial results of the Target Company has been consolidated into the consolidated financial statements of the Company.

## **CONSIDERATION**

Subject to the Sale and Purchase Agreement becoming effective, the consideration for the sale and purchase of the Sale Shares shall be HK\$152,000,000, which will be financed by the Group's internal resources, and shall be settled on the Completion Date.

## **BASIS OF THE CONSIDERATION**

The consideration of HK\$152,000,000 was arrived after arm's length negotiations between the Company and the Vendor after taking into account, inter alia,

- (i) the business development and future prospects of the Target Company;
- (ii) historical financial performance and the existing brand reputation of the Target Company; and
- (iii) the fair market value of the Target Company as at the Valuation Date, as determined by adopting the market approach as set out in a valuation report prepared by an independent professional valuer of not more than HK\$401,141,000.

Other factors considered are set out in the section headed "Reasons for and Benefits of the Acquisition" below.

Accordingly, the Directors are of the view that the consideration for the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **CONDITIONS PRECEDENT**

Unless otherwise agreed by the Company and the Vendor, Completion is conditional upon the following conditions precedent being satisfied on or before the Long Stop Date:

- (a) the representations, warranties and undertakings given by the Vendor in the Sale and Purchase Agreement remain true and are not breached;
- (b) the Vendor having obtained all necessary authorisations including board resolutions and shareholder's resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereof;
- (c) the Company having obtained all necessary authorisations including board resolutions and shareholder's resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereof;
- (d) the Company and the Vendor are not materially in breach of any terms and conditions of the Sale and Purchase Agreement;

- (e) all applicable legal and regulatory requirements have been complied, and all necessary approval and permit from the regulatory authorities, including but not limited to the Stock Exchange, the Securities and Futures Commission, for the transactions contemplated under the Sale and Purchase Agreement have been obtained, if necessary;
- (f) the Purchaser shall provide an addition loan to the Target Company in the amount of no less than HK\$12,000,000;
- (g) the Target Company has fully repaid to the Vendor the outstanding shareholder's loan HK\$12,000,000 as agreed between the parties to the Sale and Purchase Agreement; and
- (h) no material adverse change has occurred to the financial, assets, operation and business positions of the Target Company from the Valuation Date up to the Completion Date.

The parties to the Sale and Purchase Agreement shall use its best endeavours (so far as it lies within their powers) to procure the satisfaction of the conditions precedent as soon as reasonably practicable and in any event before the Long Stop Date.

If any of the conditions precedent have not been satisfied at or before 5:00 p.m. on the Long Stop Date, then, unless otherwise agreed in writing between the parties, the Sale and Purchase Agreement and its terms and conditions will immediately and automatically terminate, in which case, no party to the Sale and Purchase Agreement shall have any further obligations or liabilities under or arising from the Sale and Purchase Agreement.

## **COMPLETION OF THE ACQUISITION**

Upon fulfilment of the conditions precedent pursuant to the Sale and Purchase Agreement, Completion shall take place on the Completion Date at such time, date and place in Hong Kong as the Vendor and the Company may agree in writing. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in operation of inner harbour and outlying island ferry routes in Hong Kong. As at the date of this announcement, the Target Company are owned as to 40% by the Vendor and 60% by the Company.

Set out below is the financial information of the Target Company for the two financial years ended 30 June 2020 and 30 June 2021:

	<b>For the financial year ended 30 June</b>	
	<b>2020</b>	<b>2021</b>
	<i>(audited)</i>	<i>(unaudited)</i>
	<b>HK\$</b>	<b>HK\$</b>
Net profit before tax	31,427,783	26,550,075
Net profit after tax	28,997,773	25,558,175

The unaudited net asset value of the Target Company as at 30 June 2021 was approximately HK\$40,832,860. The original acquisition costs of 40% of the total issued share capital of the Target Company by the Vendor was HK\$142,784,000.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Since the initial acquisition of the 60% of the total issued share capital of the Target Company on 4 May 2020, the principal business of the Target Company, being the operation of inner harbour and outlying island ferry routes in Hong Kong, has well complemented the existing business of the Group. Since the initial acquisition, the Target Company performance has remained stable and aligned with the Group's strategy to increase its foothold in the passenger transportation business. Therefore, the Acquisition shall serve as a continuation of the Group's strategy.

Upon completion of the Acquisition, the Target Company shall become a direct wholly-owned subsidiary of the Company, which the Board believes will help increase the efficiency in the management decision making process of the Target Company, reduce management costs and allow the Company to obtain the full economic benefit derived from the Target Company and its future business development.

The Directors (excluding the independent non-executive Directors, who shall provide their recommendation after taking into account the advice of the Independent Financial Adviser) consider that the Acquisition is carried out on normal commercial terms which are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE SALE AND PURCHASE AGREEMENT**

### ***The Target Company***

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in operation of inner harbour and outlying island ferry routes in Hong Kong. As at the date of this announcement, the Target Company are owned as to 60% by the Company and 40% by the Vendor.

### ***The Company***

The Company is a company incorporated in Hong Kong with limited liability and the Group is 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. As at the date of this announcement, the Company holds 60% of the total issued share capital of the Target Company.

### ***The Vendor***

The Vendor is a company incorporated in Hong Kong with limited liability and is the controlling shareholder of the Company holding approximately 70% of its total issued share capital. The Vendor is indirectly wholly owned by GDPS, which is a state-owned enterprise established under the laws of the PRC. The Vendor 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. As at the date of this announcement, the Vendor holds 40% of the total issued share capital of the Target Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios with respect to the Acquisition calculated by reference to Rule 14.07 of the Listing Rules exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds approximately 70% of the total issued share capital of the Company and hence the Vendor is a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios with respect to the Acquisition exceeds 5%, and the consideration of the Acquisition exceeds HK\$10,000,000, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Liu Guanghui, Mr. Wu Qiang, being the executive Directors and Ms. Zhong Yan, being the non-executive Director, are also the directors of the Vendor. Mr. Liu Wuwei, being the executive Director as at the date of this announcement, is also the director of subsidiaries of the Vendor. Each of Mr. Liu Guanghui, Mr. Wu Qiang, Ms. Zhong Yan and Mr. Liu Wuwei, is being regarded as having material interest in the transactions contemplated under the Sale and Purchase Agreement and have abstained from voting on the board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Kay-cheung, Ms. Yau Lai Man, Mr. Chow Bing Sing has been formed to consider, and to advise the Independent Shareholders, amongst other things, whether the Acquisition is fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Frontpage Capital has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.



## GENERAL MEETING

A general meeting will be convened and held to consider and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. The Vendor and its associates are required to abstain from voting on the resolutions to be proposed at the General Meeting.

## CIRCULAR

A circular containing, inter alia, (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (iv) a notice of the General Meeting, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 14 December 2021.

**Shareholders and potential investors should note that completion of the Acquisition is subject to the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of 400 shares, representing 40% equity interest in the Target Company by the Company as the purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Chu Kong Shipping Enterprises (Group) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00560)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Meeting”	the general meeting to be convened and held by the Company to consider and if, thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Frontpage Capital” or “Independent Financial Adviser”	Frontpage Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
“GDPS”	廣東省港航集團有限公司(Guangdong Provincial Port & Shipping Group Company Limited*), formerly known as 廣東省航運集團有限公司 (Guangdong Province Navigation Group Company Limited*), a state-owned enterprise established under the laws of the PRC and indirectly wholly-owns the Vendor as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollars, the lawful current in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, namely Mr. Chan Kay-cheung, Ms. Yau Lai Man, Mr. Chow Bing Sing has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder

“Independent Shareholders”	Shareholders who are independent of and have no interest in the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021 or such other later date as agreed between the Vendor and the Company as the purchaser in writing
“Percentage Ratio(s)”	the percentage ratio(s) under Rule 14.07 of the Listing Rules
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 November 2021 and entered into between the Company as the purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	400 ordinary shares of the Target Company, representing 40% of the total issued share capital of the Target Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sun Ferry Services Company Limited (formerly known as New World First Ferry Services Limited), a company incorporated in the British Virgin Islands with limited liability whose total issued share capital are legally and beneficially owned as to 40% by the Vendor and 60% by the Company
“Valuation Date”	means 30 September 2021, the valuation date as agreed between the Company and the Vendor

“Vendor”

Chu Kong Shipping Enterprises (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and is the controlling shareholder of the Company, holding approximately 70% of its total issued share capital as at the date of this announcement

“%”

per cent.

By order of the Board

**Chu Kong Shipping Enterprises (Group) Co., Ltd.**

**Liu Guanghui**

*Chairman*

Hong Kong, 30 November 2021

*As at the date of this announcement, the Company’s executive Directors are Mr. Liu Guanghui, Mr. Wu Qiang and Mr. Liu Wuwei; non-executive Director is Ms. Zhong Yan; and independent non-executive Directors are Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.*