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**(Stock Code: 00560)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO CONNECTED TRANSACTION**

Reference is made to the announcement of Chu Kong Shipping Enterprises (Group) Co., Ltd. (the “**Company**”) dated 30 December 2022 (the “**Announcement**”) in relation to, among other things, the acquisitions of 25% of the equity interest in CKIFF and 10% of the equity interest in CKISA. Unless otherwise defined, capitalised terms used in the announcement shall have the same meanings as defined in the Announcement.

The Company wishes to provide the Shareholders and potential investors with additional information on the Announcement.

**BASIS OF THE CONSIDERATION OF THE CKIFF INTEREST AND THE CKISA INTEREST**

As disclosed in the Announcement, the consideration of the CKIFF Interest and the CKISA Interest were determined after arm’s length negotiations between the Company and GDPS and between CKIFF and GDCK respectively and were arrived at based on the fair value of the entire equity interest of CKIFF and CKISA from the valuation report prepared by an independent professional valuer (the “**Valuer**”). Further information on the valuation is set out below:

**(I) Valuation Methodology**

The valuation on CKIFF and CKISA as at 31 October 2022, being the valuation benchmark date, was prepared by the Valuer. The Valuer has considered three generally accepted valuation approaches (namely, the market approach, the income approach and the asset approach) and having considered all three approaches, the Valuer selected the market approach as the Valuer noted that there are many comparable companies operating in the similar industry as CKIFF and CKISA which may offer valuation benchmark multiples for assessment and such approach can also reflect the recent market sentiment to arrive at an objective valuation conclusion.

By adopting the market approach, the Valuer identified an exhaustive list of comparable companies to determine the benchmark multiples for assessing the fair value of CKIFF and CKISA. When selecting the comparable companies, the Valuer has mainly adopted the following criteria: (i) the shares of the companies should be listed on a stock exchange in Hong Kong or the PRC; (ii) the companies should operate in a similar industry as CKIFF and CKISA (i.e. principally operating freight business and shipping agency services in the PRC); and (iii) the companies should be operating in profit.

The Valuer considered the commonly used benchmark multiples for the market approach, such as price to earnings (“P/E”) ratio and price to book (“P/B”) ratio. The Valuer considers that the P/E ratio is the appropriate benchmark multiple for the valuation as (i) both CKIFF and CKISA recorded a profit for the 12 months immediately preceding the date of valuation; and (ii) and the reporting earnings provided by CKIFF and CKISA are sufficient to reflect the normal operating performance of CKIFF and CKISA, hence the Valuer considers that the P/E ratio provides a better estimate of the value of both CKIFF and CKISA.

## **(II) Valuation Assumption**

The Valuer adopted the following major valuation assumptions: (i) no adverse material change in the political, legal, financial or economic conditions in the geographical region where CKIFF and CKISA operates; (ii) CKIFF and CKISA shall retain its key management, officer and technical staff to maintain its normal operations; (iii) CKIFF and CKISA’s development trend and situation in their respective geographical regions would not significantly deviate from the general economic forecast; (iv) CKIFF and CKISA general management practice would not significantly deviate from its current management practice; and (v) the Valuer has assumed the accuracy of the financial information provided to it by the Company and relied to a considerable extent on such information in arriving at the valuation results.

## **(III) Valuation**

For the determining the valuation of CKIFF and CKISA, the Valuer employed (i) the median figure of the P/E ratios from the list of comparable companies for a period of 12 months prior to the date of valuation; (ii) the profit of CKIFF and CKISA for a period of 12 months prior to the date of valuation; and (iii) adding idle cash, non-operating assets and deducting non-operating debt and liabilities of CKIFF and CKISA. The Valuer also applied a discount to the fair value of the CKIFF Interest and the CKISA Interest for its lack of marketability due to CKIFF and CKISA being both private companies, and their shares are not publicly traded on the public market.

Based on the above, the Valuer arrived at the valuation of the fair value for the CKIFF Interest and the CKISA Interest of approximately RMB12,897,000 and RMB443,000 respectively.

## FINANCIAL INFORMATION OF CKIFF AND CKISA

### Financial Information of CKIFF

|                       | For the financial years ended 31 December |                                 |
|-----------------------|---|---------------------------------|
|                       | 2020<br><i>(audited)</i><br>RMB           | 2021<br><i>(audited)</i><br>RMB |
| Net profit before tax | 2,220,174                                 | 2,532,881                       |
| Net profit after tax  | 1,630,872                                 | 1,881,966                       |

### Financial Information of CKISA

|                       | For the financial years ended 31 December |                                 |
|-----------------------|---|---------------------------------|
|                       | 2020<br><i>(audited)</i><br>RMB           | 2021<br><i>(audited)</i><br>RMB |
| Net profit before tax | 97,907                                    | 90,254                          |
| Net profit after tax  | 92,847                                    | 87,998                          |

Based on the unaudited management accounts of CKIFF and CKISA, the unaudited book value of the net assets of CKIFF and CKISA as of 31 October 2022 were approximately RMB41,663,000 and RMB4,322,000 respectively.

### BOARD'S ASSESSMENT ON THE VALUATION

The Board has discussed with the Valuer and having reviewed the valuation report and thoroughly considered the valuation methodology adopted and the valuation assumptions made by the Valuer, the Board is of the view that the valuation results are fair and reasonable.

Save as the information set out above, all information in the Announcement remains unchanged and shall continue to be valid for all purposes, while this announcement is supplemental to and should be read in conjunction with the Announcement.

By order of the Board

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

**Liu Guanghui**

*Chairman*

Hong Kong, 6 January 2023

*As at the date of this announcement, the Company's executive Directors are Mr. Liu Guanghui, Mr. Zhou Jun 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.*