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CK ASSET HOLDINGS LIMITED

長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARE

The Board announces that, on 1 November 2017, the Vendor entered into the Sale and Purchase Agreement with the Purchaser for the disposal of the Share representing the entire issued share capital of the Target Company and the sale and assignment of the Debt to the Purchaser at the Consideration, which is HK\$40.2 billion subject to the Current Asset/Liability Adjustment. The Consideration is to be satisfied by payments in cash.

The Target Company is the immediate holding company of a group of wholly-owned subsidiaries which (except TCLA) are the respective owners of the Properties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate beneficial owners of the Purchaser are third parties independent of the Company and connected persons of the Company.

As one or more of the applicable percentage ratios under Rule 14.07 of Chapter 14 of the Listing Rules exceed 5% but all of the applicable percentage ratios are less than 25%, the Disposal contemplated under the Sale and Purchase Agreement constituted a discloseable transaction of the Company under the Listing Rules.

As completion of the Disposal depends on the fulfilment of certain terms and conditions under the Sale and Purchase Agreement, there remains the possibility that the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

THE DISPOSAL

Principal terms of the Sale and Purchase Agreement

Date of the Sale and Purchase Agreement

1 November 2017

Parties

Vendor: The Center International Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: 中國港澳台僑和平發展亞洲地產有限公司 C.H.M.T. Peaceful Development Asia Property Limited

Sale and Purchase of the Share and the Debt

As at the date of the Sale and Purchase Agreement, the Vendor is the registered and beneficial owner of the Share, representing the entire issued share capital of the Target Company. The Target Company is the immediate holding company of a group of wholly-owned subsidiaries which (except TCLA) are the respective owners of the Properties.

It is a term of the Sale and Purchase Agreement that, save for the Debt, the Vendor shall procure that all loans and indebtedness (except those arising from ordinary or usual course of business) owing by the Target Company and its subsidiaries to any affiliate(s) of the Vendor be fully settled, assigned and/or transferred to the Vendor prior to Completion.

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor has agreed to sell and assign, and the Purchaser has agreed to purchase and take the assignment of, the Share and the Debt, at the Consideration, which is HK\$40.2 billion subject to the Current Asset/Liability Adjustment. The Consideration comprises the Debt Consideration which is an amount equal to the amount of the Debt (on a dollar-to-dollar basis) and the Share Consideration which is an amount equal to the net amount of the Consideration less the Debt Consideration.

The Consideration has been arrived at after arm's length negotiations between the Vendor and the Purchaser, having taken into account of various factors, including, among others, recent market transactions and the prevailing market conditions in Hong Kong.

Under the Sale and Purchase Agreement, the Purchaser shall have the option to postpone the Completion to the New Date provided that, as consideration for the grant of such option:

- (a) the Purchaser shall give a written notice to such effect to the Vendor and pay the Extension Payment to the Company (receiving on behalf of the Vendor) on or before the date falling thirty (30) days before the Original Completion Date (or if that date is not a Business Day, the next Business Day);
- (b) the Purchaser shall pay interest calculated at the rate of 2.5% per annum on the amount of HK\$20 billion (being the balance of HK\$40.2 billion after deducting the Deposit and the Extension Payment paid by the Purchaser) from the date of payment of the Extension Payment up to the New Date with payment of such accrued interest on monthly basis to the Company (receiving on behalf of the Vendor) on the last day of each calendar month with the last payment being on the New Date; and
- (c) the Vendor shall be entitled to suspend or cause to be suspended any action commenced by it pursuant to paragraph (b) of the section headed "Conditions Precedent" below.

The Extension Payment shall not be refundable in any circumstance.

Payment Terms

The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) the Deposit to be paid in cash to the Company (receiving on behalf of the Vendor) upon execution of the Sale and Purchase Agreement;
- (b) if the Purchaser exercises the option to postpone the Completion to the New Date in accordance with the Sale and Purchase Agreement, the Extension Payment to be paid in cash to the Company (receiving on behalf of the Vendor) on or before the date falling thirty (30) days before the Original Completion Date (or if that date is not a Business Day, the next Business Day); and

- (c) the amount being the Consideration less the Deposit and the Extension Payment (if paid by the Purchaser) to be paid in cash to the Vendor or such other person as the Vendor may direct in writing (receiving on behalf of the Vendor) on Completion.

The Consideration will be reviewed by auditors within 90 days after Completion with a view to making any final adjustments to reflect the final adjusted asset value of the Target Company.

Conditions Precedent

Completion shall be conditional upon:

- (a) unless the Parties shall otherwise agree in writing, not later than five (5) days before the Completion Date, each property holding subsidiary of the Target Company having entered into deed(s) of assignment with the Urban Renewal Authority, the successor of the Land Development Corporation, to complete all the land agreements relating to the Properties (save and except for the land agreement relating to the Display Spaces located at the Upper Ground Floor, Entrance Hall Floor, 6th Floor, 42nd Floor and Top Roof Level of the Development). The Vendor agrees to bear all costs and expenses arising therefrom (including, without limitation, the relevant stamp duty and legal fees payable thereon); and
- (b) the Vendor having proceeded to procure the property holding subsidiaries of the Target Company to activate the procedures in accordance with the terms of the deed of mutual covenant and management agreement of the Development with regard to the change of the name of the building in which the Properties form part from “THE CENTER (中環中心)” to such name as may be designated by the Purchaser in writing to, and approved (such approval not to be unreasonably withheld or delayed) by, the Vendor within fourteen (14) Business Days after the Purchaser has proved to the satisfaction of the Vendor that it has sufficient free and cleared funds to pay for the balance of the Consideration in accordance with the Sale and Purchase Agreement and has delivered to the Vendor all the documents required to be delivered by it under the Sale and Purchase Agreement at Completion.

In the event that any of the above conditions has not been satisfied by the Completion Date (save and except the condition referred to in (b) above where the Purchaser shall fail to prove to the satisfaction of the Vendor or deliver to the Vendor the matters referred to and in accordance with the requirements contained therein on or before the twenty-first (21st) Business Day preceding the Completion Date) and has not been waived by the Purchaser in writing, the Sale and Purchase Agreement shall automatically terminate with immediate effect, whereupon the Vendor shall forthwith return the Deposit paid by the Purchaser in pursuance of the Sale and Purchase Agreement to the Purchaser, and if the Extension Payment has been paid by the Purchaser, pay an amount equivalent to the Extension Payment and the interest accrued thereon up to the date of termination which has been paid by the Purchaser pursuant to the Sale and Purchase Agreement to the Purchaser (in each case without interest if returned within seven (7) Business Days) whereupon neither Party shall have any further claim against the other Party whatsoever in connection with the Sale and Purchase Agreement.

INFORMATION ON THE GROUP AND PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Group is a leading multinational corporation committed to achieving long-term sustainable growth through continual strengthening of its existing property businesses, and steady enhancement of its recurring income base via prudent investment strategy. The Group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, and investment in energy and infrastructure assets that are household equipment services related. The Vendor, being an indirect wholly-owned subsidiary of the Company, is an investment holding company.

The Target Company is principally engaged in investment holding, holding the investment in the Properties through its property holding subsidiaries. As at the date of the Sale and Purchase Agreement, the Target Company is an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of the Vendor. Upon Completion, the Company will cease to have any interests in the Target Company.

The Purchaser is a company incorporated under the laws of BVI and is a special purpose vehicle set up specifically to undertake the acquisition of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the ultimate beneficial owners of the Purchaser are third parties independent of the Company and connected persons of the Company.

FINANCIAL INFORMATION OF THE TARGET COMPANY

For the financial year ended 31 December 2015, the consolidated net profits (including changes in fair values of the Properties) before and after taxation and extraordinary items of the Target Company were approximately HK\$704 million and HK\$605 million, respectively. For the financial year ended 31 December 2016, the consolidated net profits (including changes in fair values of the Properties) before and after taxation and extraordinary items of the Target Company were approximately HK\$3,501 million and HK\$3,385 million, respectively.

The carrying value of the Target Company on the Group's consolidated financial statements as at 31 December 2016 was approximately HK\$19,825 million.

INFORMATION ON THE PROPERTIES

The Properties owned by the Target Company through its property holding subsidiaries comprise various commercial and office properties and car parking spaces situated at the building known as "THE CENTER (中環中心)" in the central business district of Hong Kong.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors are of the view that the Disposal offers an opportunity for the Company to realise its investment in the Target Company and the Properties.

As a result of the Disposal, the Group will on Completion report a gain on disposal by deducting (i) the carrying value of the Properties based on professional valuation and accounted for in the Group's latest published financial report before the Completion Date, and (ii) all transaction costs (including legal costs, stamp duty, agency commission and others) in relation to the Disposal, from the amount of HK\$40.2 billion. Based on the carrying value of the Properties accounted for in the Group's published interim report for the six months ended 30 June 2017, the gain on disposal would be approximately HK\$14.5 billion. The actual gain on disposal may be different from HK\$14.5 billion as it will be calculated with reference to the carrying value of the Properties accounted for in the Group's latest published financial report before the Completion Date. The proceeds of the Disposal will be used for general working capital purposes of the Group.

The Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms which are fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of Chapter 14 of the Listing Rules exceed 5% but all of the applicable percentage ratios are less than 25%, the Disposal contemplated under the Sale and Purchase Agreement constituted a discloseable transaction of the Company under the Listing Rules.

As completion of the Disposal depends on the fulfilment of certain terms and conditions under the Sale and Purchase Agreement, there remains the possibility that the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“%”	per cent
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“Completion”	completion of the Disposal, which shall take place at or before 2:30 p.m. (Hong Kong time) on the Completion Date, subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the Original Completion Date, or if the Purchaser has paid the Extension Payment in accordance with the Sale and Purchase Agreement, the New Date, or such other date as shall be agreed amongst all the Parties in writing
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the sale and purchase of the Share and the assignment of the Debt, which is agreed to be HK\$40.2 billion (being the value attributed to the Properties) subject to the Current Asset/Liability Adjustment pursuant to the Sale and Purchase Agreement

“Current Asset/Liability Adjustment”	<p>the adjustment to the agreed value attributed to the Properties of HK\$40.2 billion for:</p> <p>(i) current assets (including all receivables arising from the Properties, all refundable utility and other deposits placed with relevant authorities or suppliers in connection with the Properties, all cash and deposits at bank of the Target Company and its subsidiaries, all prepaid tax, all deferred tax asset arising from tax loss brought forward and all prepaid operating expenses); and</p> <p>(ii) current liabilities (including all security deposits, all rental/licence fees received in advance by the Target Company and its subsidiaries, all balances (other than the Debt balance) payable to the affiliates of the Vendor, all payments due to creditors and accruals of property operating, renovation, and alteration expenses and all provision for taxation),</p> <p>of the Target Company and its subsidiaries but excluding the Debt and deferred tax asset or liability arising from accelerated tax depreciation</p>
“Debt”	all amounts, whether principal or interest, owing by the Target Company to the Vendor immediately before Completion
“Debt Consideration”	an amount equal to the amount of the Debt (on a dollar-to-dollar basis)
“Deposit”	HK\$4.02 billion
“Development”	the messuages erections and buildings constructed on the Land now known as “THE CENTER (中環中心)” No. 99 Queen’s Road Central, Hong Kong
“Directors”	the directors of the Company
“Disposal”	the sale of the Share and the assignment of the Debt subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement
“Extension Payment”	HK\$16.18 billion
“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 People’s Republic of China

“Land”	all that piece or parcel of ground registered in the Land Registry as INLAND LOT NO. 8827
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Date”	if the Purchaser has exercised its option to postpone the Completion in accordance with the Sale and Purchase Agreement, a date which is twelve (12) months after the date of the Sale and Purchase Agreement
“Original Completion Date”	means the date falling on the expiry of six (6) months immediately following the date of the Sale and Purchase Agreement
“Parties”	the parties to the Sale and Purchase Agreement, and “ Party ” shall be construed accordingly
“Properties”	<p>(1) Shop 1, Shop 2, Shop 3, Shop 4, Shop 5 and Shop 6 on the Entrance Hall Floor of the Development;</p> <p>(2) Commercial Unit and Office Unit on 42nd Floor of the Development;</p> <p>(3) 19/F, 20/F, 21/F, 22/F, 23/F, 25/F, 26/F, 27/F, 28/F, 29/F, 30/F, 31/F, 32/F, 33/F, 35/F, 36/F, 37/F, 38/F, 39/F, 43/F, 45/F, 46/F, 47/F, 48/F, 49/F, 50/F, 51/F, 52/F, 53/F, 55/F, 56/F, 57/F, 58/F, 59/F, 61/F, 62/F, 63/F, 65/F, 66/F, 67/F, 68/F, 69/F, 72/F, 75/F, 76/F, 77/F and 78/F of the Development;</p> <p>(4) 402 Car Parking Spaces at 1st Basement, 2nd Basement and 3rd Basement of the Development; and</p> <p>(5) the Display Spaces located at the Upper Ground Floor, Entrance Hall Floor, 6th Floor, 42nd Floor and Top Roof Level of the Development,</p> <p>and “Property” shall be construed accordingly</p>
“Purchaser”	中國港澳台僑和平發展亞洲地產有限公司 C.H.M.T. Peaceful Development Asia Property Limited, a company incorporated under the laws of BVI

“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 November 2017 entered into between the Vendor of the one part and the Purchaser of the other part in relation to the sale and purchase of the Share and the sale and assignment of the Debt subject to the terms and conditions therein
“Share”	1 issued share of US\$1.00 in the Target Company, representing the entire issued share capital of the Target Company
“Share Consideration”	the consideration for the sale and purchase of the Share, which is an amount equal to the net amount of the Consideration less the Debt Consideration
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	The Center (Holdings) Limited, a company incorporated under the laws of BVI
“TCLA”	The Center (Leasing Agent) Limited, a company incorporated under the laws of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	The Center International Limited, a company incorporated under the laws of BVI

By Order of the Board
CK Asset Holdings Limited
Eirene Yeung
Company Secretary

Hong Kong, 1 November 2017

The Directors of the Company as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. YEH Yuan Chang, Anthony, Mr. Colin Stevens RUSSEL and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.