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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

DISCLOSEABLE TRANSACTION

DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

The Board announces that on 23 July 2020 (after trading hours), the Sellers (both of which are indirect wholly-owned subsidiaries of the Company) and the Purchaser entered into the Amendment Acquisition Agreement for the Disposal, being the sale by the Sellers and the purchase by the Purchaser of all the shares in the Target Companies and related shareholder loans at the Consideration. Completion of the Disposal took place on the same date.

The Purchaser's payment of the Consideration was partly funded by the Sellers USD Loan in the amount of US\$342,945,329 (being the US dollar equivalent of RMB2,400,000,000 at the Agreed Exchange Rate and equivalent to approximately HK\$2,658,032,067) advanced by the Sellers to the Purchaser. In connection with the Disposal, a PRC affiliate of the Sellers (which is an indirect wholly-owned subsidiary of the Company) has also advanced the Sellers RMB Loan in the amount of RMB100,000,000 (equivalent to approximately HK\$110,760,000) to the PRC Company and the Purchaser has provided (or procured) or agreed to provide (or procure) the Purchaser RMB Loans in the total amount of RMB1,047,000,000 (equivalent to approximately HK\$1,159,657,200) to the PRC Company for the repayment of amounts owed by the PRC Company to affiliates of the Sellers in the PRC (which are indirect wholly-owned subsidiaries of the Company).

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

As the highest of the applicable percentage ratios in respect of the Disposal (taking into account the Financing Arrangements) exceeds 5% but is less than 25%, the Disposal (taking into account the Financing Arrangements) constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board announces that on 23 July 2020 (after trading hours), the Sellers (both of which are indirect wholly-owned subsidiaries of the Company) and the Purchaser entered into the Amendment Acquisition Agreement for the Disposal, being the sale by the Sellers and the purchase by the Purchaser of all the shares in the Target Companies and related shareholder loans at the Consideration. Completion of the Disposal took place on the same date.

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2. THE ACQUISITION AGREEMENT

Assets being disposed of

Pursuant to the Acquisition Agreement, at Completion, which took place on 23 July 2020:

- (i) HLV sold and the Purchaser acquired all the shares in HME, and HLV assigned, and the Purchaser accepted the assignment of, the amounts owed by HME to HLV at Completion; and
- (ii) Chinex sold and the Purchaser acquired all the shares in Carton, and Chinex assigned and the Purchaser accepted the assignment of, the amounts owed by Carton to Chinex at Completion.

Consideration

Prior to Completion, the Deposit (in the amount of US\$84,309,623, equivalent to approximately HK\$653,450,164) was paid by the Purchaser to the Sellers. Pursuant to the Acquisition Agreement, the Purchaser paid to the Sellers at Completion an amount equal to the Sellers' estimate of the Consideration on the basis of the Sellers' draft of the Completion Accounts (being US\$1,012,481,987, equivalent to approximately HK\$7,847,342,888) less the Deposit. The Purchaser has the right under the Acquisition Agreement to dispute such estimate. Any such dispute shall be resolved in accordance with the Acquisition Agreement, and any resulting adjustment to the Consideration shall be settled between the parties within thirty days of the agreement or determination of the Completion Accounts. If there is no such dispute, the Sellers' draft of the Completion Accounts will constitute the final Completion Accounts.

The Consideration was determined based on arm's length negotiations between the Sellers and the Purchaser.

3. VENDOR LOAN AGREEMENT

Sellers USD Loan

The Sellers USD Loan in the amount of US\$342,945,329 (being the US dollar equivalent of RMB2,400,000,000 at the Agreed Exchange Rate and equivalent to approximately HK\$2,658,032,067) was advanced by the Sellers to the Purchaser at Completion pursuant to the Vendor Loan Agreement for the purpose of funding partly the Purchaser's payment of the Consideration.

Interest

The Sellers USD Loan bears interest at a rate per annum equal to the sum of LIBOR (subject to a minimum of 0%) and a margin of 5.5% per annum.

Interest is payable every three months.

Repayment

The Purchaser shall repay the Sellers USD Loan on the date falling two years from the date of Completion.

Security

The Sellers USD Loan is secured by charges over all the Target Shares and over all the shares in the HK Company, an equity pledge over the entire equity interest in the PRC Company and security assignments of the shareholders loans of the Target Companies being sold in the Disposal.

The terms of the Vendor Loan Agreement, including the interest rate, were determined based on arm's length negotiations between the Sellers and the Purchaser.

4. SELLERS RMB LOAN

The Sellers have procured its affiliate in the PRC, Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited (和記黃埔地產(重慶兩江新區)有限公司), an indirect wholly-owned subsidiary of the Company, to advance a loan in the amount of RMB100,000,000 (equivalent to approximately HK\$110,760,000) to the PRC Company for the purpose of funding the working capital requirements of the PRC Company (the "**Sellers RMB Loan**").

The Sellers RMB Loan is repayable on the earlier of (i) three years from 1 August 2019, the date of the related loan agreement, and (ii) such other date as may be notified in writing by the lender to the PRC Company, and bears interest at a rate per annum equal to 130% of the one-to-five year People's Bank of China benchmark lending rate. The Sellers RMB Loan is secured by a pledge over all of the PRC Company's right to and interests in the land and the properties under development with respect to Phase 8 of the Development.

The terms of Sellers RMB Loan, including the interest rate, were determined based on arm's length negotiations between the lender and borrower of the Sellers RMB Loan.

5. PURCHASER RMB LOANS

The Purchaser has provided (or procured its affiliates to advance) and agreed to provide (or procure its affiliates to advance) RMB loans in the aggregate amount of RMB1,047,000,000 (equivalent to approximately HK\$1,159,657,200), with such amounts have been or will be used by the PRC Company to repay certain unsecured loans owed by the PRC Company to affiliates of the Sellers (in any case no later than three months after Completion).

6. INFORMATION OF THE TARGET GROUP COMPANIES

The Target Companies are principally engaged in investment holding and together, directly or indirectly through the HK Company, hold the entire equity interest in the PRC Company. The PRC Company, which is principally engaged in property development, in turn holds the investment in the Development. Prior to Completion, the Target Group Companies are indirect wholly-owned subsidiaries of the Company. Upon Completion, the Target Group Companies have ceased to be subsidiaries of the Company and the Company has ceased to hold any shares or equity interests in the Target Group Companies.

The Development is the property development known as “Chengdu Le Parc” (also known as “南城都匯商住項目”) in Chengdu, PRC, comprising residential and commercial units and carparks in Phases 1 to 8.

As at 30 June 2020, the Target Group Companies had an unaudited net asset value of HK\$2,495 million.

The net profits of the Target Group Companies for each of the two years ended 31 December 2019 were set out below:

	For the year ended 31 December	
	2018 (unaudited) (HK\$ million)	2019 (unaudited) (HK\$ million)
Profit before tax	919	97
Profit after tax	424	54

7. REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The Directors consider that the Disposal enables the Company to realise its investment in the Target Group Companies and the Development and that the Financing Arrangement would facilitate the Completion.

The Board expects that the Group will report an unaudited gain on the Disposal (taking into account the Financing Arrangements) of approximately HK\$3,811 million, representing the difference between the Consideration and the estimated carrying amount of the Target Group Companies as at 30 June 2020 and after taking into account any transaction costs, relevant taxes and any claims and other liabilities required to be borne by the Group in relation to the Disposal. The actual gain on the Disposal will depend on the finalisation of the Consideration based on the final Completion Accounts, the final sums of the carrying value of the Target Group Companies and the actual amounts of costs, claims and other liabilities borne by the Group. The net proceeds from the Disposal will be used for general working capital of the Group.

The Directors believe that the terms of the Disposal and the Financing Arrangements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders as a whole.

8. LISTING RULES IMPLICATIONS

The highest of the applicable percentage ratios in respect of the Disposal (taking into account the Financing Arrangements) exceeds 5% but is less than 25% on the date of the Amendment Acquisition Agreement (which, for the purpose of the percentage ratios, is aggregated with the Amendment Vendor Loan Agreement, which was executed before the date of the Amendment Acquisition Agreement). Accordingly, the Disposal (taking into account the Financing Arrangements) constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

9. GENERAL INFORMATION

Each of the Sellers is an indirect wholly-owned subsidiary of the Company incorporated in the BVI whose principal business is investment holding. The Company is a leading multinational corporation and has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation.

The Purchaser is a company incorporated in the BVI and principally engages in investment holding. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company under the Listing Rules.

10. DEFINITIONS

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

“Acquisition Agreement”	the Original Acquisition Agreement as amended and reinstated by the Amendment Acquisition Agreement
“Amendment Acquisition Agreement”	the reinstatement and fifth amendment to share purchase agreement dated 23 July 2020 between the Sellers and the Purchaser reinstating and amending the Original Acquisition Agreement
“Amendment Vendor Loan Agreement”	the amendment and restatement agreement dated 17 July 2020 entered into between the Sellers and the Purchaser amending and restating the Original Vendor Loan Agreement
“Agreed Exchange Rate”	the agreed exchange rate of US\$1 = RMB6.9982 as agreed under the Acquisition Agreement

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Carton”	Carton International Limited, a company incorporated in the BVI with limited liability
“Chinex”	Chinex Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“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 Hong Kong Stock Exchange (Stock Code: 1113)
“Completion”	Completion of the sale and purchase of the Target Shares and the assignment of related shareholder loans under the Acquisition Agreement
“Completion Accounts”	the accounts of the Target Group Companies as at 6 September 2019 (being the date originally scheduled for Completion under the Original Acquisition Agreement) prepared in accordance with the terms of the Acquisition Agreement on the basis of which the net assets of the Target Group Companies are determined for the purpose of the Consideration
“Consideration”	the consideration for the Disposal, which is equal to the aggregate of (a) US\$26,000,000 and (b) the net assets of the Target Group Companies determined with reference to the Completion Accounts and is payable in US dollars
“Deposit”	a deposit of US\$84,309,623 (equivalent to approximately HK\$653,450,164) paid by the Purchaser to the Sellers for the Disposal
“Development”	the property development known as “Chengdu Le Parc” (also known as “南城都匯商住項目”) in Chengdu, PRC, comprising residential and commercial units and car parks in Phases 1 to 8
“Directors”	the directors of the Company
“Disposal”	the sale of the Target Shares and the assignment of the related shareholder loan by the Sellers to the Purchaser under the Acquisition Agreement

“Financing Arrangements”	the Sellers USD Loan, the Sellers RMB Loan and the Purchaser RMB Loans
“Group”	the Company and its subsidiaries
“HLV”	Happy Lion Ventures Ltd., a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“HME”	Happy Magic Enterprises Inc., a company incorporated in the BVI with limited liability
“HK Company”	Bruckner Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of HME, which is principally engaged in investment holding
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK dollar” or “HK\$”	the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“LIBOR”	the London Inter-Bank Offered Rate for US dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Original Acquisition Agreement”	the share purchase agreement entered into between the Sellers and the Purchaser for the sale of the Target Shares and the assignment of the related shareholder loans by the Sellers to the Purchaser on 9 May 2019 as amended and supplemented on 29 August 2019, 13 September 2019, 25 October 2019 and 6 May 2020
“Original Vendor Loan Agreement”	the vendor loan agreement entered into between the Sellers and the Purchaser on 29 August 2019

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Company”	Hutchison Whampoa Properties (Chengdu) Limited (和記黃埔地產(成都)有限公司), a company established in the PRC with its equity interest being directly owned as to 50% by HK Company and 50% by Carton, which is the owner and developer of the Development
“Purchaser”	RZ3262019 Limited. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, 50% of the issued share capital of the Purchaser is owned by Yuzhou Group Holdings Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1628) and primarily engaged in the business of property development, and the other 50% of the issued share capital of the Purchaser is owned by Chengdu Ruizhuo Real Estate Co., Ltd. (成都瑞卓置業有限公司), a company established under the laws of the PRC and primarily engaged in real estate development in the PRC
“Purchaser RMB Loans”	advances provided or to be provided by the Purchaser or its affiliates to the PRC Company, details of which are set out in the section headed “5. Purchaser RMB Loans” in this announcement
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sellers”	HLV and Chinex
“Sellers RMB Loan”	an entrusted loan in the amount of RMB100,000,000 (equivalent to approximately HK\$110,760,000) provided by Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited (和記黃埔地產(重慶兩江新區)有限公司), an indirect wholly-owned subsidiary of the Company, as principal and HSBC Bank (China) Co., Ltd Shanghai Branch (滙豐銀行(中國)有限公司上海分行) as lender to the PRC Company prior to Completion, details of which are set out in the section headed “4. Sellers RMB Loans” in this announcement

“Sellers USD Loan”	a term loan in the amount of US\$342,945,329, being the US dollar equivalent of RMB 2,400,000,000 at the Agreed Exchange Rate and equivalent to approximately HK\$2,658,032,067, provided by the Sellers to the Purchaser pursuant to the terms of the Vendor Loan Agreement
“Target Companies”	Carton and HME, both of which are companies incorporated in the BVI with limited liability and which together, directly or indirectly through the HK Company, hold the entire equity interest in the PRC Company
“Target Group Companies”	the Target Companies, the HK Company and the PRC Company
“Target Shares”	the entire issued share capital of each of the Target Companies
“US dollar” or “US\$”	the lawful currency of the United States
“Vendor Loan Agreement”	the Original Vendor Loan Agreement as amended and restated by the Amendment Vendor Loan Agreement and further amended by a supplemental agreement dated 23 July 2020

In this announcement, save as otherwise stated, (i) RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.1076, (ii) US dollar has been converted to RMB at the rate of US\$1 = RMB6.9982 and (iii) US dollar has been converted to HK\$ at the rate of US\$1 = HK\$7.7506. No representation is made that the amounts in one currency have been or could have been or could be converted into another currency at such rate or at any other rates on any relevant dates.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
*Executive Committee Member
& Company Secretary*

Hong Kong, 23 July, 2020

The Directors of the Company as at the date of this announcement are Mr. LI Tzar Kuoi, Victor (*Chairman and Managing Director*), 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, Raymond, 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. Colin Stevens RUSSEL and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.