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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 TARGET SHARES

The Board is pleased to announce that on 11 March 2022 (after trading hours), the Seller (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Company (as guarantor for the Seller) entered into the Sale and Purchase Agreement pursuant to which the Seller agreed to sell to the Purchaser the Target Shares, representing the entire issued share capital of the Target Company, and Completion of the sale and purchase of the Target Shares took place on the same day.

The Target Company indirectly owned the entire interest in the Property which comprises various commercial and office properties and car parking spaces situated at the building known as “5 Broadgate” in the City of London, the United Kingdom.

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 pursuant to the Sale and Purchase Agreement constituted a discloseable transaction of the Company and is subject to the relevant notification and announcement requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 11 March 2022 (after trading hours), the Seller, the Purchaser and the Company (as guarantor for the Seller) entered into the Sale and Purchase Agreement in relation to the Disposal.

2. SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

(a) Parties

Seller: CK Steel (UK) Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: Broadgate Five Holdings (Jersey) Limited

Seller's guarantor: The Company

(b) Transaction

Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Target Shares, representing the entire issued share capital of the Target Company.

(c) Consideration

The consideration for the Disposal is £729.17 million (the "**Consideration**") (equivalent to approximately HK\$7,466.70 million) in cash, which has taken into account the value ascribed to the Property of £1,210 million (equivalent to approximately HK\$12,390 million) and the other assets and liabilities of the Target Group. According to the Sale and Purchase Agreement, the Consideration shall be (a) increased by an amount equal to any excess of the NAV above the Consideration; or (b) decreased by the amount equal to any shortfall of the NAV below the Consideration, as applicable.

A consolidated balance sheet of the Target Group as of the Completion Date showing the NAV will be prepared within a prescribed period after Completion to determine the adjustment required as set forth in the sub-paragraph above.

The Consideration was determined based on arm's length negotiations between the Seller and the Purchaser, after taking into account relevant factors and circumstances including the Seller's good-faith estimate of the NAV of the Target Group as at immediately prior to Completion and the recent general conditions of the property market in London.

(d) Completion

At Completion, which took place immediately following signing of the Sale and Purchase Agreement, (i) the Purchaser has paid the Consideration in cash to the Seller, (ii) the Purchaser has procured the payment by the Target Group of £480 million (equivalent to approximately HK\$4,915 million), being the amount required to discharge in full all amounts owed by the Target Group at Completion and release all security and guarantees under a term loan facility granted to the Target Group and guaranteed by the Company, and (iii) the inter-company payables and receivables between the Target Group and the Seller and its affiliates have been settled, all in accordance with the terms of the Sale and Purchase Agreement.

(e) Guarantee

The Company irrevocably and unconditionally agreed to guarantee the performance of the payment obligations of the Seller to the Purchaser under the Sale and Purchase Agreement and a tax indemnity deed entered into between the Seller and the Purchaser, on and subject to the terms and conditions of the Sale and Purchase Agreement.

(f) Others

The Seller has provided customary warranties and tax indemnities for a transaction of this nature in favour of the Purchaser.

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

The Group 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 Seller, being an indirect wholly-owned subsidiary of the Company, is an investment holding company.

The Target Company is a company incorporated under the laws of Jersey and is an investment holding company which holds the interest in the Property through its property holding subsidiary. Prior to the Completion of the Disposal, the Target Company was an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of the Seller. Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the Seller.

The Purchaser is a company incorporated under the laws of Jersey and is an indirect wholly owned subsidiary of, and ultimately beneficiary owned by, the National Pension Service of the Republic of Korea. The Purchaser is an investment holding 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 its connected persons.

4. INFORMATION ON THE PROPERTY

The Property comprises various commercial and office properties and car parking spaces situated at the building known as "5 Broadgate" in the City of London, the United Kingdom.

5. FINANCIAL INFORMATION OF THE TARGET GROUP

According to the unaudited consolidated financial statements of the Target Group prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, the Target Group's profit before income tax and profit after income tax for the two financial years ended 31 December 2020 are stated below:

	<i>For the financial year ended</i>	
	<i>31 December</i>	
	2019	2020
Profit before income tax	£38 million (equivalent to approximately HK\$389 million)	£58 million (equivalent to approximately HK\$594 million)
Profit after income tax	£31 million (equivalent to approximately HK\$317 million)	£49 million (equivalent to approximately HK\$502 million)

The unaudited consolidated net asset value of the Target Group as at 30 June 2021 was approximately £704 million (equivalent to approximately HK\$7,209 million).

6. 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 Group and the Property. The Directors considered that the Disposal will enable the Company to unlock the underlying value of its investment in the Property and capture a sizeable disposal gain, creating values for its shareholders and allowing the Group to reallocate its capital in other investment opportunities.

The Directors considered 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 Company and its shareholders as a whole.

The expected gain to be derived by the Company from the Disposal is estimated to be approximately £108 million (equivalent to approximately HK\$1,106 million), which is calculated based on the Consideration over the estimated net asset value of the Target Group as of the Completion Date. The Company expects to use the net proceeds from the Disposal for general working capital purposes of the Group.

The total return on the investment including the rental income throughout the holding period, appreciation of the property value over the original cost and hedging profits relating to this investment amount to approximately HK\$4.8 billion, a 45% return on investment.

7. 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 pursuant to the Sale and Purchase Agreement constituted a discloseable transaction of the Company under the Listing Rules.

8. DEFINITIONS

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

“%”	per cent;
“Board”	the board of Directors;
“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 sale and purchase of the Target Shares in accordance with the terms of the Sale and Purchase Agreement;
“Completion Date”	the date of Completion;
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules;

“Directors”	the directors of the Company;
“Disposal”	the sale of the Target Shares by the Seller to the Purchaser in accordance with the terms of the Sale and Purchase Agreement;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NAV”	the net asset value of the Target Group as of the Completion Date;
“Property”	the freehold and leasehold property situated at 5 Broadgate, London, the United Kingdom;
“Purchaser”	Broadgate Five Holdings (Jersey) Limited, a company incorporated under the laws of Jersey;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 March 2022 entered into between the Seller, the Purchaser and the Company in relation to the Disposal;
“Seller”	CK Steel (UK) Limited, a company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Bluebutton Holdco 5 Broadgate (Jersey) Limited, a company incorporated under the laws of Jersey which was directly wholly-owned by the Seller prior to Completion;
“Target Group”	the Target Company and its subsidiaries;
“Target Shares”	2,000 ordinary shares of £1.00 each in the capital of the Target Company, representing the entire issued share capital of the Target Company; and
“£”	pound sterling, the lawful currency of the United Kingdom.

In this announcement, pound sterling has been converted to HK\$ at the rate of £1=HK\$10.24, save as otherwise stated. Such conversion is for illustration purpose only. No representation is made that the pound sterling amounts have been or could have been or could be converted into HK\$, or vice versa, 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, 11 March 2022

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, Dr. 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, Mr. Donald Jeffrey ROBERTS and Mr. Stephen Edward BRADLEY as Independent Non-executive Directors.