



## CHEUNG KONG (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

### PROPOSED SPIN-OFF AND SEPARATE LISTING OF CK LIFE SCIENCES INT'L., (HOLDINGS) INC. ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

#### ANNOUNCEMENT

The Board is pleased to announce that a formal application was made on 10th May, 2002 to the Stock Exchange for the Proposed Spin-off and separate listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer on GEM. The Proposed Spin-off will be effected in compliance with the GEM Listing Rules. The vetting has not yet commenced.

The CKLS Group is primarily engaged in the business of research and development, commercialisation, marketing and sale of biotechnology products.

The Proposed Spin-off does not require approval of Cheung Kong's shareholders. It is intended that assured entitlements to certain Shares will be provided to Qualifying Shareholders, subject to certain conditions. The details of such assured entitlements have not yet been finalised and will be announced in due course.

No final decision has yet been made as to whether and when the Proposed Spin-off and Share Offer will be launched. There can be no assurance that the approval of the GEM Listing Committee for the Proposed Spin-off and the listing of, and permission to deal in, all the Shares on GEM will be granted. A further announcement will be made in relation to the Proposed Spin-off and the Share Offer by Cheung Kong or CKLS if and when appropriate.

**As the listing of Shares pursuant to the Proposed Spin-off and Share Offer is subject to the approval of the GEM Listing Committee and the final decision of the Board, shareholders of Cheung Kong and other investors are reminded to exercise caution when dealing in the securities of Cheung Kong.**

#### INTRODUCTION

The Board wishes to announce that a formal application was made on 10th May, 2002 to the Stock Exchange for the Proposed Spin-off and separate listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer on GEM. The Proposed Spin-off will be effected in compliance with the GEM Listing Rules. The vetting has not yet commenced.

CKLS is currently owned as to 60% by the Cheung Kong Group and as to 40% by the private companies of Mr. Li Ka-shing, the Chairman of Cheung Kong. The CKLS Group is primarily engaged in the business of research and development, commercialisation, marketing and sale of biotechnology products.

#### INFORMATION ON THE PROPOSED SPIN-OFF

It is currently proposed that the new Shares to be issued under the Share Offer will be offered to the public in Hong Kong for subscription and for placing with certain professional, institutional and other investors, including employees of CKLS Group and Qualifying Shareholders. It is expected that the Cheung Kong Group's percentage interest in the share capital of CKLS will be reduced from the current level to approximately between 40% and 50% immediately following the Share Offer as a result of dilution of its shareholding in CKLS, including dilution because of the Share Offer.

The Share Offer and Proposed Spin-off will be conditional on, amongst others, the following:

- (1) the GEM Listing Committee granting approval for the listing of, and permission to deal in (subject only to allotment), Shares in issue and to be issued pursuant to the Share Offer (including Shares to be issued upon the exercise of the Over-allotment Option, the Capitalisation Issue and the exercise of the options that may be granted under the share option scheme to be adopted by CKLS); and
- (2) the obligations of the underwriters, under the underwriting agreement to be entered into between, among others, CKLS and the underwriters in respect of the Share Offer becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by or on behalf of the underwriters) and the underwriting agreement not being terminated in accordance with its terms or otherwise, on or before the dates and times to be specified therein.

If such conditions have not been fulfilled or waived prior to the dates and times to be specified, the Share Offer will lapse and the Stock Exchange will be notified immediately and a notice will be published by CKLS on the GEM web-site and in the South China Morning Post in English and the Hong Kong Economic Times in Chinese on the next trading day following such lapse.

#### BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the separate listing of CKLS will (a) enhance the transparency of the performance of CKLS's businesses given the different operating characteristics of CKLS's businesses from those of the Cheung Kong Group; (b) provide investors with an opportunity to invest separately in CKLS thereby allowing CKLS to raise funds and increase its capital base for future expansion; (c) allow CKLS to establish its own shareholder base; (d) enable future fundraising by Cheung Kong to be focused on the development of its core businesses other than biotechnology; (e) provide CKLS with added flexibility in funding its operations and capital expenditures, giving CKLS the ability to tailor its capital structure to meet its business funding requirements and greater access to capital markets as a stand-alone entity; (f) provide incentives for the management and staff of CKLS to develop its businesses, by making the performance of the business operations more transparent and linking management's remuneration to CKLS's share price performance through share options; (g) improve the ability of CKLS to attract and retain highly qualified professionals in its businesses; (h) allow CKLS to establish a higher profile as a separate listed entity with the ability to access the debt and equity markets to fund the development and expansion of its projects; and (i) enable the management team of CKLS to be more focused on its business, enhance the decision-making process and improve its responsiveness to market changes.

#### ASSURED ENTITLEMENTS AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the shareholders of Cheung Kong by providing Qualifying Shareholders with assured entitlements to a certain number of Shares (subject to certain conditions), if the Board decides to proceed with the Proposed Spin-off and Share Offer and the GEM Listing Committee has given its approval of the Proposed Spin-off and Share Offer. The details of such assured entitlements have not yet been finalised. A further announcement will be made by Cheung Kong in due course setting out the details of the assured entitlements to be made to Qualifying Shareholders.

#### NO APPROVAL REQUIRED FROM SHAREHOLDERS OF CHEUNG KONG

Pursuant to the Listing Rules and Practice Note 15 of the Listing Rules, the Proposed Spin-off does not require the approval of the shareholders of Cheung Kong as (i) CKLS does not constitute a "major subsidiary" of Cheung Kong as defined under Paragraph 19 of the Listing Agreement (i.e. both the consolidated net tangible assets and the pre-tax trading profits of CKLS are expected to represent less than 15% of those of Cheung Kong) and (ii) under Rule 14.09 of the Listing Rules, the Proposed Spin-off is not a transaction which constitutes a major transaction (i.e. the Proposed Spin-off constitutes less than 50% under the "size test") of Cheung Kong.

#### GENERAL

Shareholders of Cheung Kong should note that the decisions of the Board and the board of directors of CKLS to proceed with the Proposed Spin-off and Share Offer by way of new Shares are dependent, inter alia, on market conditions during the period leading up to the proposed Share Offer. Further, there can be no assurance that the approval for the listing of and permission to deal in all the Shares in issue and to be issued under the Share Offer on GEM will be granted by the GEM Listing Committee. Cheung Kong or CKLS will make a further announcement in relation to the Proposed Spin-off and Share Offer if and when appropriate.

**As the listing of Shares pursuant to the Proposed Spin-off and Share Offer is subject to the approval of the GEM Listing Committee and the final decision of the Board, shareholders of Cheung Kong and other investors are reminded to exercise caution when dealing in the securities of Cheung Kong.**

#### DEFINITIONS

"Board"	the board of directors of Cheung Kong
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of CKLS
"Cheung Kong"	Cheung Kong (Holdings) Limited
"Cheung Kong Group"	Cheung Kong and its subsidiaries, excluding the CKLS Group
"CKLS"	CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability
"CKLS Group"	CKLS and its subsidiaries
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China
"Listing Agreement"	the listing agreement entered into between the Stock Exchange and Cheung Kong
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Over-allotment Option"	an over-allotment option to be granted by CKLS to the sponsor of the Share Offer
"Proposed Spin-off"	the spin-off and separate listing of the shares of HK\$0.10 each in CKLS on GEM
"Qualifying Shareholders"	Shareholders of Cheung Kong appearing on the register of members of Cheung Kong on the Record Date (excluding overseas shareholders and certain other shareholders)
"Record Date"	the record date, to be determined by Cheung Kong, for ascertaining the Qualifying Shareholders who shall be entitled to assured entitlements
"Share(s)"	ordinary share(s) of HK\$0.10 each in the capital of CKLS
"Share Offer"	the offer of Shares to the public in Hong Kong for subscription, the potential offer of Shares to Qualifying Shareholders, and the placing of Shares with certain professional, institutional and other investors pursuant to the listing of Shares on GEM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Cheung Kong (Holdings) Limited**  
Eirene Yeung  
Company Secretary

10th May, 2002