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## CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 001)

### ANNOUNCEMENT

## PROPOSED DISPOSAL OF COMMERCIAL PROPERTIES AND PROPOSED LISTING OF PROSPERITY REAL ESTATE INVESTMENT TRUST ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Board is pleased to announce the Proposed Disposal, which will involve the sale by the CKH Group (or through the CKH Group's jointly controlled entities) of its entire interests in seven commercial properties in Hong Kong to Prosperity REIT. The Property Companies and the Investment Holding Companies, and the interests in the Harbourfront Landmark Property and Trendy Centre, will be sold by the Vendor Companies for an aggregate consideration of approximately HK\$4,000 million, subject to adjustments. The share of such consideration attributable to CKH is approximately HK\$2,433 million (subject to adjustments), representing approximately 1.3% of the shareholders' equity of the CKH Group as at 30 June 2005.

An application, to take effect on 31 October 2005, has been lodged with the Stock Exchange for the listing of, and permission to deal in, the Units to be issued under the Offering on the Main Board of the Stock Exchange. Prosperity REIT is a real estate investment trust formed primarily to own and invest in a portfolio of commercial properties in Hong Kong. The trustee of Prosperity REIT is HSBC Institutional Trust Services (Asia) Limited, which is independent of the CKH Group. The manager of Prosperity REIT, ARA Asset Management (Prosperity) Limited, is a company in which CKH has a 30% attributable interest, and is applying for a Type 9 licence under the SFO for the regulated activity of asset management. Goodwell-Prosperity Property Services Limited, an indirect wholly-owned subsidiary of CKH, will act as property manager of the properties of Prosperity REIT located in Hong Kong, subject to the overall management of the Manager.

There is proposed to be an offering of Units by Prosperity REIT, comprising an offer for subscription by way of a public offer in Hong Kong and an international placement to certain professional, institutional and other investors.

It is proposed that CKH will, through one or more wholly-owned subsidiaries, subscribe for up to approximately 18.58% of the Total Units (or 14.10% if the Over-allotment Option is exercised in full). It is also proposed that HWL will, through one or more wholly-owned subsidiaries, subscribe for up to approximately 10.42% of the Total Units (or 7.90% if the Over-allotment Option is exercised in full). Such Over-allotment Option, if exercised, will be satisfied out of the Units subscribed by the respective subsidiaries of CKH and HWL, thereby reducing CKH's and HWL's percentage holding of the Units.

The Listing Committee of the Stock Exchange has ruled that the Proposed Transactions constitute a spin-off for the purpose of Practice Note 15 of the Listing Rules.

Under the Listing Rules (including Practice Note 15), the Proposed Transactions do not require the approval of the Shareholders. In accordance with the requirements of Practice Note 15, it is intended that Assured Entitlements in respect of Units to be offered in the Offering will be provided to Qualifying Shareholders, subject to certain conditions.

The register of members of CKH will be closed on 12 November 2005 for the purpose of determining the Assured Entitlements. No transfer of the Shares may be registered on that day. In order to qualify for the Assured Entitlements, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar by no later than 4:00 p.m. on 11 November 2005.

Completion of the Proposed Disposal is expected to take place on the date of commencement of trading of the Units on the Main Board of the Stock Exchange.

The Offering and the Listing are subject to, among other things, the Authorisation being granted by the SFC and the Listing Approval being granted by the Listing Committee of the Stock Exchange. In addition, no final decision has yet been made by the Board as to whether and when the Proposed Transactions will be proceeded with. **Accordingly, Shareholders and other investors should note that the Proposed Transactions, the Offering and the Listing are dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied. The Board has not made a final decision whether or not to proceed, and if so when, to proceed with the Proposed Transactions. If the Offering and the Listing do not proceed for any reasons, the Preferential Offering will not be made and in such case no Qualifying Shareholders may subscribe for any Reserved Units thereunder. Thus, there can be no assurance that such transactions will be proceeded with, and Shareholders and other investors are reminded to exercise caution when dealing in the securities of CKH.** A further announcement(s) will be made by CKH in relation to the Proposed Transactions if and when appropriate.

### INTRODUCTION

The Board is pleased to announce the Proposed Disposal, which will involve the sale by the CKH Group (or through the CKH Group's jointly controlled entities) of its entire interests in the Properties to Prosperity REIT. The Property Companies and the Investment Holding Companies, and the interests in the Harbourfront Landmark Property and Trendy Centre, will be sold by the Vendor Companies to Prosperity REIT for an aggregate cash consideration of approximately HK\$4,000 million, subject to adjustments.

### INFORMATION ON THE RELEVANT PROPERTIES

The properties to be sold to Prosperity REIT include the following commercial properties, which together have a total gross rentable area of approximately 1.2 million sq. ft. and are currently used for office and industrial purposes:

- (1) The Metropolis Tower, a 15-storey office tower which is part of the Metropolis development located in Hung Hom, Kowloon, together with certain car parking spaces in that development, in which the CKH Group and HWL each has a 50% interest;
- (2) MLC Millennium Plaza, a 32-storey office building located in North Point, Hong Kong, together with certain car parking spaces in that building, in which the CKH Group and HWL have attributable interests of approximately 61% and 39% respectively;
- (3) commercial units on three levels of the podium which forms part of the Harbourfront Landmark development located in Hung Hom, Kowloon, in which the CKH Group and HWL each has a 50% interest;
- (4) Modern Warehouse, a 27-storey industrial/office building located in Kwun Tong, Kowloon, together with certain car parking spaces in that building, in which the CKH Group has a 100% interest;
- (5) Trendy Centre, a 30-storey industrial/office building located in Lai Chi Kok, Kowloon, together with certain car parking spaces in that building, in which the CKH Group, HWL and an independent third party have an interest of 25%, 25% and 50% respectively;
- (6) portions of Prosperity Center, a 26-storey industrial/office building located in Kwun Tong, Kowloon, together with certain car parking spaces in that building, in which the CKH Group has a 100% interest; and
- (7) portions of New Treasure Centre, a 30-storey industrial building located at San Po Kong, Kowloon, together with certain car parking spaces in that building, in which the CKH Group has a 100% interest.

### PROPOSED DISPOSAL

The aggregate sale consideration payable to the Vendor Companies for the Property Companies and the Investment Holding Companies, and the interests in the Harbourfront Landmark Property and Trendy Centre, is approximately HK\$4,000 million (determined by reference to the valuation of the Properties as appraised as at 30 September 2005 by the Independent Valuer), and will be subject to adjustments (if necessary) to account for (among other things) the net current assets/current liabilities of the relevant Property Companies and the relevant Investment Holding Companies as at Completion. In addition, additional consideration may be payable to the Vendor Companies in respect of the disposal of the Property Companies and the Investment Holding Companies, to be calculated by reference to the amount (if any) by which the final Offer Price exceeds the minimum Offer Price. Any adjustment is expected to be immaterial to the CKH Group as a whole. CKH and/or HWL (as the case may be) will guarantee, on a several basis, the performance by the relevant Vendor Company of its obligations under the relevant sale and purchase agreement in proportion to their shareholding interests in the relevant Vendor Company.

Based on an aggregate consideration of HK\$4,000 million, the consideration represents a discount of approximately 11.9% to the valuation of the Properties as appraised by the Independent Valuer as at 30 September 2005 and will be paid in cash at Completion. Based on an aggregate consideration of HK\$4,000 million, the share of consideration attributable to CKH from the Proposed Disposal is approximately HK\$2,433 million (subject to adjustments as mentioned above), which represents approximately 1.3% of the shareholders' equity of the CKH Group as at 30 June 2005.

The terms of the Proposed Disposal (including the sale consideration) are on normal commercial terms and were arrived at after arm's length negotiations between the parties.

Completion of the Proposed Disposal is expected to take place on the date of commencement of trading of the Units on the Main Board of the Stock Exchange.

### INFORMATION ON THE PROPOSED OFFERING AND LISTING

An application, to take effect on 31 October 2005, has been lodged with the Stock Exchange for the listing of, and permission to deal in, the Units to be issued under the Offering on the Main Board.

The Offering will comprise an offer for subscription by way of a public offer in Hong Kong and an international placement to certain professional, institutional and other investors.

The Offering and the Listing will be conditional on, among other things, the following:

- (1) the Authorisation being granted by the SFC;
- (2) the Listing Committee of the Stock Exchange granting the Listing Approval; and
- (3) the obligations of the underwriters, under the underwriting agreements to be entered into by the relevant parties in respect of the Offering, becoming unconditional and the underwriting agreements not being terminated in accordance with their terms or otherwise, on or before the dates and times to be specified therein.

The Offering and the Listing are subject to the above conditions and are dependent on a number of factors. If such conditions are not fulfilled or waived prior to the dates and times to be specified, the Offering and the Listing will not proceed, the Stock Exchange will be notified accordingly and a further announcement will be published by CKH.

### INFORMATION ON PROSPERITY REIT

Prosperity REIT is a real estate investment trust formed primarily to own and invest in a portfolio of commercial properties in Hong Kong. Upon completion of the Offering, Prosperity REIT will own a portfolio of seven Hong Kong commercial properties, comprising three office buildings, all or a portion of three industrial/office buildings and a portion of an industrial building.

Prosperity REIT will be administered by the HSBC Institutional Trust Services (Asia) Limited (as trustee), which is a professional trustee company and is independent of the CKH Group.

The manager of Prosperity REIT, ARA Asset Management (Prosperity) Limited, is a company in which CKH has a 30% attributable interest and Mr. Lim Hwee Chiang, a director of the Manager, has a 70% attributable interest. The Manager is applying for a Type 9 licence under the SFO for the regulated activity of asset management. It is expected that the board of directors of the Manager will comprise of a majority of persons who are independent of the CKH Group.

Goodwell-Prosperity Property Services Limited, an indirect wholly-owned subsidiary of CKH, will act as property manager of the properties of Prosperity REIT located in Hong Kong, subject to the overall management of the Manager.

### PROPOSED SUBSCRIPTION OF UNITS

It is proposed that CKH will, through one or more wholly-owned subsidiaries, subscribe for up to approximately 18.58% of the Total Units (or 14.10% if the Over-allotment Option is exercised in full) in the Offering. It is also proposed that HWL will, through one or more wholly-owned subsidiaries, subscribe for up to approximately 10.42% of the Total Units (or 7.90% if the Over-allotment Option is exercised in full) in the Offering. Such Over-allotment Option, if exercised, will be satisfied out of the Units subscribed by the respective subsidiaries of CKH and HWL, thereby reducing CKH's and HWL's percentage holding of the Units.

### REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Board considers that the Proposed Transactions will enable the CKH Group to free up capital for its operations and new investment opportunities and are in the interests of CKH and the Shareholders.

### ASSURED ENTITLEMENTS

In accordance with the requirements of Practice Note 15, the Board has given due regard to the interests of the Shareholders by requesting the Manager to provide Qualifying Shareholders with Assured Entitlements to a certain number of Units (subject to certain conditions) by way of the Preferential Offering, if the Manager decides to proceed with the Offering and the Listing.

It is currently proposed that Qualifying Shareholders will be entitled to subscribe for one Reserved Unit for every whole multiple of 32 Shares (or such other number of Shares as will be stated in the Offering Circular) held by them at the close of business on the Record Date. Any Qualifying Shareholder holding

less than 32 Shares (or such other number of Shares as will be stated in the Offering Circular) will not be entitled to apply for the Reserved Units. Any Reserved Units not taken up by the Qualifying Shareholders will be allocated to the international placement to certain professional, institutional and other investors.

Assuming that all the Reserved Units are taken up under the Preferential Offering, the number of Units to be issued under the Preferential Offering is expected to represent approximately 5% of the Offering.

**Shareholders should note that the entitlement to Reserved Units may represent Units not in a whole multiple of a full board lot of Units, and dealings in odd lot Units may be below their prevailing market price. Entitlements to Reserved Units are not transferrable and there will be no trading in nil-paid entitlements on the Stock Exchange. Any Units to be issued pursuant to the Preferential Offering shall be fully paid, ranking pari passu in all respects with other Units to be issued pursuant to the Offering.**

#### CLOSURE OF REGISTER

The register of members of CKH will be closed on 12 November 2005 for the purpose of determining the Assured Entitlements. No transfer of the Shares may be registered on that day. In order to qualify for the Assured Entitlements, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar by no later than 4:00 p.m. on 11 November 2005.

The last day of dealing in the Shares cum Assured Entitlements is expected to be on 9 November 2005 and the Shares will then be traded ex Assured Entitlements as from 10 November 2005. However, if the Offering and the Listing are postponed, the Board may then determine another date(s) for closure of the register of members of CKH for the purpose of determining the entitlements and a further announcement(s) will be made to inform the Shareholders and other investors in due course.

#### NO APPROVAL REQUIRED FROM SHAREHOLDERS OF CKH

Under the Listing Rules (including Practice Note 15), the Proposed Transactions do not require the approval of the Shareholders as (i) under Rule 14.07 of the Listing Rules, the Proposed Disposal is not a transaction where any of the percentage ratios is 25% or more; and (ii) none of the Property Companies or the Investment Holding Companies constitutes a “major subsidiary” of CKH under Rule 13.36 of the Listing Rules.

#### GENERAL

The Listing Committee of the Stock Exchange has ruled that the Proposed Transactions constitute a spin-off for the purpose of Practice Note 15 of the Listing Rules.

This announcement is made pursuant to Rule 13.09 and Practice Note 15 of the Listing Rules.

The Offering and the Listing is subject to, among other things, the Authorisation being granted by the SFC and the Listing Approval being granted by the Listing Committee of the Stock Exchange. In addition, no final decision has yet been made by the Board as to whether and when the Proposed Transactions will be proceeded with. **Accordingly, Shareholders and other investors should note that the Proposed Transactions, the Offering and the Listing are dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied. The Board has not made a final decision whether or not to proceed, and if so when, to proceed with the Proposed Transactions. If the Offering and the Listing do not proceed for any reasons, the Preferential Offering will not be made and in such case no Qualifying Shareholders may subscribe for any Reserved Units thereunder. Thus, there can be no assurance that such transactions will be proceeded with, and Shareholders and other investors are reminded to exercise caution when dealing in the securities of CKH.** A further announcement(s) will be made by CKH in relation to the Proposed Transactions if and when appropriate.

The Stock Exchange has advised the Company that Chapter 14A of the Listing Rules applies to the disposal by the Company of the Non-wholly Owned Properties. Under Chapter 14A, the relevant percentage ratios represented by such disposals in aggregate will exceed 0.1% but are less than 2.5%, and therefore such transactions will in any event be exempt from the independent shareholders’ approval requirements but will be subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47. The Company will clarify with the Stock Exchange to the extent to which Chapter 14A of the Listing Rules applies to the disposal of the Non-wholly Owned Properties. As no definitive agreements have been entered into yet by the Vendor Companies, a further announcement(s) will be made by CKH in this regard if and when appropriate.

The Directors (*Note*) of CKH as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. George Colin MAGNUS (*Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. IP Tak Chuen, Edmond, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin-ning, Canning, Mr. Frank John SIXT and Mr. CHOW Kun Chee, Roland as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna, Mr. KWAN Chiu Yin, Robert and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

#### DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Assured Entitlements”	the entitlements of Qualifying Shareholders to apply for Reserved Units under the Preferential Offering
“Authorisation”	the authorisation of Prosperity REIT by the SFC under section 104 of the SFO
“Board”	the board of Directors
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 001)
“CKH Group”	CKH and its subsidiaries
“Completion”	the completion of the Proposed Disposal
“Directors”	the directors of CKH
“Harbourfront Landmark Property”	the commercial units on three levels of the podium which forms part of the Harbourfront Landmark development located in Hung Hom, Kowloon, interests in which are to be sold by the relevant Vendor Company to Prosperity REIT under the Proposed Disposal
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Public Offering”	the offering for subscription of Units for cash at the Offer Price by way of a public offer in Hong Kong on and subject to the terms and conditions to be stated in the Offering Circular and in the application forms relating thereto
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 013)
“Independent Valuer”	Chesterton Petty Limited, which is independent of the CKH Group
“Investment Holding Companies”	the intermediate investment holding companies through which the CKH Group holds certain of the Property Companies
“Listing”	the proposed listing of the Units on the Main Board of the Stock Exchange
“Listing Approval”	the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in (subject only to allotment), the Units to be issued pursuant to the Offering (including Units to be issued upon the exercise of the Over-allotment Option)

“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market operated by the Stock Exchange
“Manager”	ARA Asset Management (Prosperity) Limited, a company incorporated in Hong Kong, and in which CKH has a 30% attributable interest
“Non-wholly Owned Properties”	the properties which are not wholly-owned by the CKH Group, general descriptions of which are stated in sub-paragraphs (1), (2), (3) and (5) of the paragraph headed “Information on the Relevant Properties” in this announcement
“Offering”	the proposed initial public offering and placing of Units by Prosperity REIT, comprising an offer for subscription by way of a public offer in Hong Kong and an international placement to certain professional, institutional and other investors
“Offering Circular”	the offering circular which will be issued by the manager of Prosperity REIT in connection with the Hong Kong Public Offering, if the Offering proceeds
“Offer Price”	the issue price of each Unit in the Offering
“Over-allotment Option”	the option to be granted by each of CKH and HWL to the joint lead underwriters of the Offering to require CKH and HWL to make available Units representing up to 4.48% and 2.52%, respectively, of the Total Units for purchase by the said joint lead underwriters solely to cover the over-allocation of Units in the Offering (if any)
“Preferential Offering”	the preferential offering to be made to the Qualifying Shareholders for subscription of the Reserved Units at the Offer Price on and subject to the terms and conditions to be stated in the Offering Circular and in the application form relating thereto
“Properties”	the properties, general descriptions of which are stated in sub-paragraphs (1) to (7) of the paragraph headed “Information on the Relevant Properties” in this announcement
“Property Companies”	the respective direct owners of the Properties other than the Harbourfront Landmark Property and Trendy Centre
“Proposed Disposal”	the proposed disposal by the CKH Group of its entire interests in the Properties to Prosperity REIT
“Proposed Subscription”	the proposed subscription by CKH, through one or more of its wholly-owned subsidiaries, for up to approximately 18.58% of the Total Units (or 14.10% if the Over-allotment Option is exercised in full) in the Offering
“Proposed Transactions”	the Proposed Disposal and the Proposed Subscription
“Prosperity REIT”	Prosperity Real Estate Investment Trust, a real estate investment trust to be established under the laws of Hong Kong
“Qualifying Shareholders”	Shareholders appearing on the register of members of CKH on the Record Date (excluding overseas shareholders (being shareholders whose address on the register of members of CKH is in a place outside Hong Kong and who the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider the exclusion of which is necessary or expedient), TUT, as trustee of The Li Ka-Shing Unity Trust, companies controlled by TUT as trustee of The Li Ka-Shing Unity Trust or any associate of Mr. Li Ka-shing)
“REIT Code”	the Code on Real Estate Investment Trusts issued by the SFC
“Record Date”	the record date for ascertaining the Assured Entitlements, being 12 November 2005
“Registrar”	Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Reserved Units”	a stated number (to be determined by the manager of Prosperity REIT) of Units to be offered in the Offering which will be reserved for the Preferential Offering
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shares”	shares of HK\$0.50 each in the share capital of CKH
“Shareholders”	shareholders of CKH
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Units”	the total number of Units that will be in issue immediately after the completion of the Offering
“Trendy Centre”	Trendy Centre, a 30-storey industrial/office building located in Lai Chi Kok, Kowloon, together with certain car parking spaces in that building, interests in which are to be sold by the relevant Vendor Companies to Prosperity REIT under the Proposed Disposal
“TUT”	Li Ka-Shing Unity Trustee Company Limited, as trustee of The Li Ka-Shing Unity Trust
“Units”	units representing undivided interests in Prosperity REIT
“Vendor Companies”	the respective vendors of shares in the Property Companies or the Investment Holding Companies (as the case may be), and of the Harbourfront Landmark Property and Trendy Centre
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent
“sq. ft.”	square feet

By Order of the Board  
**CHEUNG KONG (HOLDINGS) LIMITED**  
**Eirene Yeung**  
*Company Secretary*

Hong Kong, 28 October 2005

*Note: Other than Chairman and Managing Director, order by date of appointment, and in the case of Non-executive Director (“NED”)/Independent Non-executive Director (“INED”), order by date of appointment of NED/INED.*