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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **CK Life Sciences Int'l., (Holdings) Inc.**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**CK Life Sciences Int'l., (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

## CONTINUING CONNECTED TRANSACTIONS

### Independent financial adviser to the Independent Board Committee



**PLATINUM**  
Securities

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A letter from the Independent Board Committee is set out on page 13 of this circular.

A letter from Platinum Securities Company Limited, the independent financial adviser, containing its advice to the Independent Board Committee is set out on pages 14 to 20 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of CK Life Sciences Int'l., (Holdings) Inc. to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 26th September, 2003 at 10:30 a.m. is set out on pages 30 to 32 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business at 7th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so desire.

This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the day of its posting and on the website of CK Life Sciences Int'l., (Holdings) Inc. at [www.ck-lifesciences.com](http://www.ck-lifesciences.com).

10th September, 2003

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## CHARACTERISTICS OF GROWTH ENTERPRISE MARKET

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The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the corresponding meanings:*

“Announcement”	the announcement of the Company dated 29th August, 2003 in relation to the Continuing Connected Transactions
“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“Board”	the board of Directors
“Cheung Kong”	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
“Cheung Kong Group”	Cheung Kong, its subsidiaries and its associates (excluding the HWL Group and the Group) from time to time
“Cheung Kong Supply Agreement”	the conditional agreement dated 29th August, 2003 between the Company and Cheung Kong in relation to provision of the Products by members of the Group to members of the Cheung Kong Group, details of which are set out in the paragraph headed “The Cheung Kong Supply Agreement” under the section headed “The Continuing Connected Transactions” of this circular
“Company”	CK Life Sciences Int’l., (Holdings) Inc., the Shares of which are listed on GEM
“Continuing Connected Transactions”	the continuing connected transactions between members of the Group and members of the Cheung Kong Group or members of the HIL Group under or pursuant to the Supply Agreements (excluding those continuing connected transactions exempted under Rule 20.25(3) of the GEM Listing Rules), details of which are set out in the section headed “The Continuing Connected Transactions” of this circular
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Continuing Connected Transactions and the respective annual caps which the transactions shall not exceed
“GEM”	the Growth Enterprise Market of the Stock Exchange

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“HIL”	Hutchison International Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of HWL
“HIL Group”	HIL and its subsidiaries from time to time
“HIL Supply Agreement”	the conditional agreement dated 29th August, 2003 between the Company and HIL in relation to provision of the Products by members of the Group to members of the HIL Group, details of which are set out in the paragraph “The HIL Supply Agreement” under the section headed “The Continuing Connected Transactions” of this circular
“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
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“HWL Group”	HWL and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board consisting of Professor Wong Yue-chim, Richard and Mrs. Kwok Eva Lee, the independent non-executive Directors
“Independent Shareholders”	in relation to any Continuing Connected Transaction, Shareholders other than the connected person who is interested in such relevant Continuing Connected Transaction
“Latest Practicable Date”	8th September, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ordinary Resolution(s)”	the ordinary resolution(s) to be proposed at the EGM to approve the Continuing Connected Transactions under the Cheung Kong Supply Agreement and the HIL Supply Agreement respectively and the relevant caps
“Platinum”	Platinum Securities Company Limited, the independent financial adviser to the Independent Board Committee

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## DEFINITIONS

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“Products”	the health food and dietary supplement products, including but not limited to those marketed under the trademark VitaGain™; the eco-agricultural products, including but not limited to the fertiliser products marketed under the trademark NutriSmart™ and the animal feed additives marketed under the trademark AgiPro™; the bioremediation products for treatments of environmental pollutants, including but not limited to those marketed under the trademark WonderTreat™; and the skin care products, in each case to be provided by the Group to the Cheung Kong Group and/or the HIL Group (as the case may be) from time to time, as may be agreed between the relevant members of the Group and the Cheung Kong Group or the HIL Group respectively
“Sales Related Payments”	in connection with the provision of the Products by the Group to the HIL Group under the HIL Supply Agreement, the advertising and promotional fees and royalties, display rentals, upfront payments or premiums or such other payments to be payable by the Group to the HIL Group, as may be agreed between the relevant members of the Group and the HIL Group under the separate and definitive agreements between them pursuant to the HIL Supply Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company (or such nominal amount resulting from the sub-division, consolidation, reclassification or reconstruction of the share capital from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Supply Agreements”	the Cheung Kong Supply Agreement and the HIL Supply Agreement
“%”	per cent

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## LETTER FROM THE BOARD

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### **CK Life Sciences Int'l. (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

#### **Board of Directors**

##### *Chairman*

LI Tzar Kuoi, Victor

##### *Executive Directors*

KAM Hing Lam *President and Chief Executive Officer*

IP Tak Chuen, Edmond *Senior Vice President and Chief Investment Officer*

YU Ying Choi, Alan Abel *Vice President and Chief Operating Officer*

PANG Shiu Fun *Vice President and Chief Technology Officer*

CHU Kee Hung *Vice President and Chief Production Officer*

LAM Hing Chau, Leon *Vice President and Chief Financial Officer*

##### *Non-executive Directors*

KWAN Chiu Yin, Robert

Peter Peace TULLOCH

##### *Independent Non-executive Directors*

WONG Yue-chim, Richard

KWOK Eva Lee

#### **Company Secretary**

Eirene YEUNG

#### **Registered Office**

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

#### **Head Office**

2 Dai Fu Street

Tai Po Industrial Estate

Tai Po

Hong Kong

#### **Principal Place of Business**

7th Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

10th September, 2003

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS**

#### **1. INTRODUCTION**

Reference is made to the Announcement. Pursuant to the requirements of the GEM Listing Rules, the Company is required to seek Independent Shareholders' approval in relation to the Continuing Connected Transactions, which constitute non-exempt continuing connected transactions under the GEM Listing Rules.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further information regarding the Continuing Connected Transactions; to set out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders concerning the Continuing Connected Transactions; to set out the letter from Platinum containing its advice to the Independent Board Committee in relation to the Continuing Connected Transactions and to give you notice of the EGM at which the Ordinary Resolutions as set out in the notice of EGM will be proposed to approve the Continuing Connected Transactions and the relevant caps.

### 2. THE CONTINUING CONNECTED TRANSACTIONS

#### A. *The Cheung Kong Supply Agreement*

Date: 29th August, 2003

Parties: (i) the Company  
(ii) Cheung Kong

Condition Precedent and Duration: This agreement is conditional upon the obtaining of the approval of the Independent Shareholders and subject thereto shall be deemed to have commenced on 1st January, 2003 and expire on 31st December, 2005

Goods provided: the Products

Subject to the terms and conditions contained in the Cheung Kong Supply Agreement, Cheung Kong engages the Company and the Company agrees to provide and/or procure to be provided the Products to the Cheung Kong Group for use or consumption and/or for sale and distribution on a non-exclusive basis.

The Cheung Kong Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the Cheung Kong Group. Pursuant to the Cheung Kong Supply Agreement, members of the Group and the Cheung Kong Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the Cheung Kong Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be supplied, the price of the Products, the return of unsold Products, payment and settlement terms, product warranties and other terms and conditions in relation to the provision of Products by the Group to the Cheung Kong Group. The parties agree that such detailed terms shall be on normal commercial terms and shall be determined with reference to and be comparable with the market rates and the terms and conditions for the provision of the Products by the Group to independent third parties, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

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## LETTER FROM THE BOARD

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### Proposed annual caps

The Directors project that under the Cheung Kong Supply Agreement the value of the Products provided or to be provided by the Group to the Cheung Kong Group will not exceed the amounts set out below:

- (i) For the year ending 31st December, 2003 – HK\$6,800,000
- (ii) For the year ending 31st December, 2004 – HK\$17,700,000
- (iii) For the year ending 31st December, 2005 – HK\$41,280,000

and it will be one of the conditions of the approval of the Independent Shareholders that the value of the Continuing Connected Transactions under the Cheung Kong Supply Agreement shall not exceed certain annual caps detailed below, which are set by reference to the above annual figures.

The estimated annual figures above are determined based on the projected sales price of the Products and the projected sales volume of the Products to or through the Cheung Kong Group with reference to (i) the anticipated increase in the sales price of the Products; (ii) the anticipated growth in the sales volume of the Products to or through the Cheung Kong Group; and/or (iii) the anticipated increase in the number of new Products to be launched and made available to the Cheung Kong Group. The Company currently anticipates that the total number of new Products that may be launched and made available to the Cheung Kong Group for the period from the beginning of the last quarter of 2003 to the end of 2005 will be in the range of about 5 to 10 new Products. However, these figures may vary depending on numerous factors, including the progress of research and development of the new Products, the market reception of the new Products and the market condition at the time of proposed launch of the new Products and throughout the duration of the Cheung Kong Supply Agreement.

The value of the Products provided to or through the Cheung Kong Group from 1st January, 2003 up to the date of the Announcement amounted to approximately HK\$42,000. The Company projects that the value of the Products provided or to be provided to or through the Cheung Kong Group from 1st January, 2003 up to the expected date of the EGM will amount to approximately HK\$47,000.

### *B. The HIL Supply Agreement*

Date:	29th August, 2003
Parties:	(i) the Company (ii) HIL
Condition Precedent and Duration :	This agreement is conditional upon the obtaining of the approval of the Independent Shareholders and subject thereto shall be deemed to have commenced on 1st May, 2003 and expire on 31st December, 2005
Goods provided:	the Products

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## LETTER FROM THE BOARD

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Subject to the terms and conditions contained in the HIL Supply Agreement, HIL engages the Company and the Company agrees to provide and/or procure to be provided the Products to the HIL Group for sale and distribution on a non-exclusive basis. In connection with the supply of the Products by the Group to the HIL Group for sale and distribution, relevant members of the HIL Group and the Group may include arrangement for making of the Sales Related Payments by the relevant members of the Group to those of the HIL Group.

The HIL Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the HIL Group. Pursuant to the HIL Supply Agreement, members of the Group and the HIL Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the HIL Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties, the amounts of the Sales Related Payments payable by the Group to the HIL Group and other terms and conditions in relation to the provision of the Products by the Group to the HIL Group. The parties agree that such detailed terms shall be on normal commercial terms and shall be determined with reference to and be comparable with the market rates and the terms and conditions for the provision of the Products by the Group to independent third parties, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

### Proposed annual caps

The Directors project that under the HIL Supply Agreement:

- (a) the value of the Products provided or to be provided by the Group to the HIL Group will not exceed the amounts set out below:
  - (i) For the year ending 31st December, 2003 – HK\$15,130,000
  - (ii) For the year ending 31st December, 2004 – HK\$97,700,000
  - (iii) For the year ending 31st December, 2005 – HK\$234,200,000; and
  
- (b) the value of the Sales Related Payments payable by the Group to the HIL Group will not exceed the amounts set out below:
  - (i) For the year ending 31st December, 2003 – HK\$4,401,000
  - (ii) For the year ending 31st December, 2004 – HK\$18,955,000
  - (iii) For the year ending 31st December, 2005 – HK\$42,540,000

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## LETTER FROM THE BOARD

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and it will be one of the conditions of the approval of the Independent Shareholders that the value of the Continuing Connected Transactions under the HIL Supply Agreement shall not exceed certain annual caps detailed below, which are set by reference to the above annual figures.

The estimated annual figures proposed in (a) above are determined based on the projected sales price of the Products and the projected sales volume of the Products to the HIL Group or through the distribution channels of the HIL Group with reference to (i) the anticipated increase in the sales price of the Products; (ii) the anticipated growth in the sales volume of the Products to or through the distribution channels of the HIL Group; (iii) the anticipated increase in the number of new Products to be launched and made available to the HIL Group; and (iv) the anticipated expansion of distribution channels through a wider scope of outlet coverage of the HIL Group. The Company currently anticipates that the total number of new Products that may be launched and made available to the HIL Group for the period from the beginning of the last quarter of 2003 to the end of 2005 will be in the range of about 10 to 15 new Products. However, these figures may vary depending on numerous factors, including the progress of research and development of the new Products, the market reception of the new Products and the market condition at the time of proposed launch of the new Products and throughout the duration of the HIL Supply Agreement. The HIL Group currently has over 3,000 outlets in Hong Kong and overseas. The Products have been made available in about 140 outlets of the HIL Group in Hong Kong. The Group intends to take advantage of the worldwide extensive outlet coverage of the HIL Group and gradually penetrate into the outlets of the HIL Group globally. The estimated annual figures proposed in (b) above are determined based on the current practice of the distributors and the retailers taking into account the number of Products to be sold and the projected sales price and sales volume.

The value of the Products provided to the HIL Group or through the distribution channels of the HIL Group from 1st January, 2003 up to the date of the Announcement amounted to approximately HK\$991,500, and the Company projects that such value will remain the same up to the expected date of the EGM. The value of the Sales Related Payments paid by the Group to the HIL Group from 1st January, 2003 up to the date of the Announcement amounted to approximately HK\$595,000, and the Company projects that such value will remain the same up to the expected date of the EGM.

The Directors confirm that the Continuing Connected Transactions under each of the Supply Agreements will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis between the relevant members of the Group and the Cheung Kong Group or the HIL Group (as the case may be). In particular, the terms and conditions (including the price chargeable by the Group) for the provision of the Products by the Group to the relevant members of the Cheung Kong Group or the HIL Group (as the case may be) shall be determined with reference to and be comparable with the terms and conditions for the provision of the Products by the Group to independent third parties. The Directors consider that the Continuing Connected Transactions are fair and reasonable as far as the Shareholders as a whole are concerned.

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## LETTER FROM THE BOARD

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### 3. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The supply of the Products pursuant to the Supply Agreements and the related transactions will form part of the normal commercial activities of the Group. The transactions are also normal business activities of the relevant members of the Cheung Kong Group and the HIL Group, whether they are purchasing the Products as end users, or as distributors or retailers. With the cooperation between the Group and the Cheung Kong Group and the HIL Group respectively under the Supply Agreements, the Group could sell or distribute its Products to and/or through these two conglomerates, each of which has extensive business operations and networks in various parts of the world. In the case of the HIL Supply Agreement, the transactions would also enable the Group to take advantage of the wide distribution channels and extensive retail outlets of the HIL Group. Whilst the Group at the beginning will rely, to a larger extent, on the Cheung Kong Group and the HIL Group (in particular the HIL Group, which has extensive outlets globally) to sell and market the Products, such reliance is expected to be declining as the Group plans to set up wider networks with other independent distributors worldwide.

### 4. THE CONTINUING CONNECTED TRANSACTIONS AND APPROVAL OF THE INDEPENDENT SHAREHOLDERS

#### *Relationship with Cheung Kong and HIL*

As at the Latest Practicable Date, (i) Cheung Kong is interested in approximately 44.01% of the issued share capital of the Company and thus is a substantial shareholder of the Company; and (ii) Cheung Kong is interested in approximately 49.97% of the issued share capital in HWL, and HIL being a wholly-owned subsidiary of HWL is therefore an associate of Cheung Kong. Therefore, Cheung Kong and its associates (including the HIL Group) are connected persons of the Company under the GEM Listing Rules, and transactions under each of the Supply Agreements constitute connected transactions of the Company under the GEM Listing Rules.

#### *The Continuing Connected Transactions*

As the transactions under each of the Supply Agreements involve provision of goods which shall be carried out on a continuing and recurring basis and are expected to extend over a period of time, those transactions constitute continuing connected transactions of the Company under the GEM Listing Rules. As it is anticipated that the annual total value of the transactions under each of the Supply Agreements will exceed the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Group as disclosed in its latest published accounts, transactions that exceed such threshold and to be entered into under each of the Supply Agreements (i.e. the Continuing Connected Transactions) constitute non-exempt continuing connected transactions under the GEM Listing Rules. The Company is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules in relation to those transactions. Given the Continuing Connected Transactions will occur on a regular and continuing basis, the Directors consider that it would not be practicable and would be unduly onerous on the part of the Company to announce, or if necessary, obtain Independent Shareholders' prior approval on each occasion when those transactions arise.

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## LETTER FROM THE BOARD

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Accordingly, the Company will seek the approval of the Independent Shareholders (by way of poll) for the Group to conduct the Continuing Connected Transactions for a period up to 31st December, 2005 subject to the conditions mentioned below.

### *Conditions of the approval of the Independent Shareholders*

The approval of the Independent Shareholders for the Continuing Connected Transactions will be on the following conditions:

- (i) details of the Continuing Connected Transactions will be disclosed in the Company's annual report in the manner described in Rule 20.34(1) to (5) of the GEM Listing Rules;
- (ii) the Continuing Connected Transactions shall not exceed the relevant annual caps set out below:

Category of the Continuing Connected Transactions		Proposed Caps (in HK\$)		
		For the year ending 31/12/2003	For the year ending 31/12/2004	For the year ending 31/12/2005
1.	Cheung Kong Supply Agreement:  the value of the Products provided or to be provided to the Cheung Kong Group	7,000,000	18,000,000	42,000,000
2.	HIL Supply Agreement:  (a) the value of the Products provided or to be provided to the HIL Group  (b) the value of the Sales Related Payments payable by the Group to the HIL Group	16,000,000  5,000,000	98,000,000  19,000,000	235,000,000  43,000,000

- (iii) the independent non-executive Directors will review the Continuing Connected Transactions annually and confirm in the Company's annual report for the year in question that the Continuing Connected Transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) either on normal commercial terms or where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than those available to or from (as appropriate) independent third parties; and
  - (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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## LETTER FROM THE BOARD

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- (iv) each year the auditors of the Company shall provide a letter to the Board (with a copy to the Stock Exchange) confirming that the relevant Continuing Connected Transaction:
  - (a) has received the approval of the Board;
  - (b) has been entered into in accordance with the terms of the relevant agreement governing such transaction;
  - (c) has not exceeded the relevant cap amount as set out in paragraph (ii) above; and
  - (d) is in accordance with the Group's pricing policies;
- (v) the Company and each of Cheung Kong and HIL will undertake to the Stock Exchange to allow the auditors of the Company sufficient access to their records for the purpose of reporting on the relevant Continuing Connected Transactions;
- (vi) the Company shall promptly notify the Stock Exchange if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in Rules 20.27 and/or 20.28 of the GEM Listing Rules respectively;
- (vii) if any of the caps set out in paragraph (ii) above is exceeded, the Company must comply with the reporting, announcement and independent shareholders' approval requirements under Rules 20.34, 20.35 and 20.36 of the GEM Listing Rules respectively, as may be applicable, in respect of the relevant transaction; and
- (viii) where the cap for any of the Continuing Connected Transactions in any financial year is to be greater than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Group as at the end of that financial year, the relevant transaction(s) and the cap are subject to review and re-approval by the Independent Shareholders at a general meeting so long as such transaction(s) continue(s) and the independent non-executive Directors will be required to opine in the annual report in respect of that financial year whether or not the Group should continue with the relevant transaction(s).

If there are changes or updates in any terms of the agreements for the Continuing Connected Transactions mentioned above or the relevant caps stated in paragraph (ii) above are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

### 5. EGM

The EGM will be convened for the purpose of considering and, if thought fit, passing the Ordinary Resolutions to approve the Continuing Connected Transactions and the relevant annual caps. A notice to convene the EGM to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 26th September, 2003 at 10:30 a.m. is set out on pages 30 to 32 of this circular. As required under the GEM Listing Rules, Cheung Kong and its associates will abstain from voting at the EGM in respect of the Ordinary Resolution to approve the Continuing Connected Transactions

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## LETTER FROM THE BOARD

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and the relevant caps under the Cheung Kong Supply Agreement, and HIL and its associates will abstain from voting on the Ordinary Resolution to approve the Continuing Connected Transactions and the relevant caps under the HIL Supply Agreement. Under Rule 20.40 of the GEM Listing Rules, any vote taken at the EGM for the purpose of approving the Continuing Connected Transactions and the respective annual caps must be taken by poll.

The Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole. Platinum has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Continuing Connected Transactions.

An announcement on the outcome of the EGM will be made by the Company after conclusion of the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so desire.

### 6. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders concerning the Continuing Connected Transactions; and (ii) the letter from Platinum set out on pages 14 to 20 of this circular which contains the recommendation to the Independent Board Committee in relation to the Continuing Connected Transactions, the principal factors and reasons considered by Platinum in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Platinum, considers that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

### 7. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Li Tzar Kuoi, Victor**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### **CK Life Sciences Int'l. (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

10th September, 2003

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 10th September, 2003 issued to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Continuing Connected Transactions are set out in the text of the letter from the Board as set out on pages 4 to 12 of the Circular.

We wish to draw your attention to the letter of advice from Platinum as set out on pages 14 to 20 of the Circular which contains its advice and recommendation to us as to whether or not the Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole together with the principal factors and reasons for its advice and recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinions of, Platinum as stated in its aforementioned letter of advice, we consider that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned. And accordingly we recommend the Independent Shareholders to vote in favour of the Ordinary Resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the relevant caps.

Yours faithfully,

For and on behalf of

**the Independent Board Committee**

**Wong Yue-chim, Richard      Kwok Eva Lee**

*Independent Non-executive Directors*

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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*Set out below is the text of a letter from Platinum to the Independent Board Committee prepared for inclusion in this circular:*



**PLATINUM** Securities Company Limited

22/F Standard Chartered Bank Building  
4 Des Voeux Road Central  
Hong Kong  
Telephone: (852) 2841 7000  
Facsimile: (852) 2522 2700  
Website: [www.platinum-asia.com](http://www.platinum-asia.com)

10th September, 2003

CK Life Sciences Int'l., (Holdings) Inc.  
7th Floor, Cheung Kong Center,  
2 Queen's Road Central,  
Hong Kong

*To the Independent Board Committee*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement under which Platinum Securities Company Limited ("Platinum") has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Continuing Connected Transactions, details of which are set out in the Letter from the Board in the circular of the Company dated 10th September, 2003 (the "Circular") to its Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion as to whether the terms of the Continuing Connected Transactions and the proposed annual caps under each of the Cheung Kong Supply Agreement and the HIL Supply Agreement respectively are fair and reasonable as far as the interests of the Independent Shareholders as a whole are concerned. Our letter of recommendation to the Independent Board Committee has been prepared and delivered in accordance with the requirements of the GEM Listing Rules for the purposes of assisting the Independent Board Committee in their duties to evaluate the terms of the Continuing Connected Transactions.

In formulating our recommendation, we have relied on the information and facts supplied by, the opinions expressed by and the representations of, the Directors and management of the Company concerning the Group, the Continuing Connected Transactions, including those facts, opinions and representations set out in the Circular. We have assumed that all such information is true and

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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accurate in all material respects as at the date hereof. The Directors have confirmed that they take full responsibility for the contents of the Circular. We have no reason to suspect that such information is inaccurate or that any material facts have been omitted or withheld from the information supplied or opinions expressed in the Circular. In line with normal practice, we have not, however, conducted any verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Group. The Directors have confirmed that no material facts have been omitted from the information supplied to us. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our recommendation regarding the Continuing Connected Transactions.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion as to whether the terms of the Continuing Connected Transactions under each of the Cheung Kong Supply Agreement and the HIL Supply Agreement are fair and reasonable in so far as the interests of the Independent Shareholders are concerned, we have considered the following principal factors:

#### **Background of and reasons for entering into the Supply Agreements**

On 29th August, 2003, the Company entered into the Supply Agreements with each of Cheung Kong and HIL. Pursuant to the Supply Agreements, on a conditional basis, the Company has agreed to provide and/or procure members of the Group to provide the Products to members of the Cheung Kong Group for use or consumptions and/or sale and distribution and to members of the HIL Group for sale and distribution subject to the terms and conditions set out in the respective Supply Agreements. As mentioned in the section headed “The Continuing Connected Transactions and Approval of the Independent Shareholders” in the Letter from the Board, the transactions to be entered under each of the Supply Agreements constitute non-exempt continuing connected transactions under the GEM Listing Rules. Accordingly, the Company will seek the approval of the Independent Shareholders (by way of poll) for the Group to conduct the Continuing Connected Transactions for each of the three consecutive financial years ending 31st December, 2005 subject to the conditions mentioned in the sub-section headed “Conditions of the approval of the Independent Shareholders” in the Letter from the Board on pages 10 and 11 of the Circular.

#### **Terms of the Supply Agreements**

##### *(i) Nature of the Supply Agreements*

The Group is principally engaged in the research and development, commercialisation, marketing and sale of biotechnology products. Pursuant to the Supply Agreements, the Products being provided by the Group include: (i) health food and dietary supplements; (ii) eco-agricultural products; (iii) bioremediation products for treatments of environmental pollutants; and (iv) skin care products. The supply of the Products pursuant to the Supply Agreements and the related transactions will form part of the normal commercial activities of the Group. The Cheung Kong Group and the HIL Group have extensive business operations and networks in various parts of the world and in the case of the HIL Group, it has over 3,000 retail outlets in Hong Kong and overseas. We concur with the view of the Directors that the

## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

entering into of the Supply Agreements with the Cheung Kong Group and the HIL Group could help selling and distributing the Products on a worldwide basis. In this regard, we are of the view that the entering into of the Supply Agreements with the Cheung Kong Group and the HIL Group is in the interests of the Company and the Independent Shareholders.

(ii) *Proposed annual caps*

The Company projects that the value of the Products provided or to be provided by the Group to the Cheung Kong Group and the HIL Group under each of the Supply Agreements and the value of the Sales Related Payments payable by the Group to the HIL Group shall not exceed the relevant caps set out below:

Categories of the Continuing Connected Transactions	Proposed Caps (in HK\$)		
	For the year ending 31st December,		
	2003	2004	2005
1. Cheung Kong Supply Agreement:  the value of the Products provided or to be provided to the Cheung Kong Group	7,000,000	18,000,000	42,000,000
2. HIL Supply Agreement:			
(a) the value of the Products provided or to be provided to the HIL Group	16,000,000	98,000,000	235,000,000
(b) the value of the Sales Related Payments payable by the Group to the HIL Group	5,000,000	19,000,000	43,000,000

*Value of the Products provided or to be provided to the Cheung Kong Group and the HIL Group*

We note that the sales projection and the relevant annual caps prepared by the management of the Company are determined with reference to:

- (a) the anticipated increase in the sales price of the Products;
- (b) the anticipated growth in the sales volume of the Products to or through the Cheung Kong Group and the HIL Group respectively;
- (c) the anticipated increase in the number of new Products to be launched and made available to the Cheung Kong Group and the HIL Group respectively. The Company currently anticipates that the total number of new Products that may be launched and made available to the Cheung Kong Group and the HIL Group respectively for the period from the beginning of the last quarter of 2003 to the end of 2005 will be in the range of about 5 to 10 and about 10 to 15 respectively; and

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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- (d) relating to the transactions with the HIL Group, the anticipated expansion of distribution channels through a wider scope of outlet coverage of the HIL Group.

The Company projects that the value of the Products provided or to be provided to the Cheung Kong Group and the HIL Group from 1st January, 2003 up to the expected date of the EGM, i.e. on 26th September, 2003, will amount to approximately HK\$47,000 and HK\$991,500 respectively. In determining the proposed annual caps, especially the relevant annual caps for the year ending 31st December, 2003, the Company represents that up to now, it has two types of the Products, namely, NutriSmart™ and VitaGain™, which have been selling respectively to the Cheung Kong Group and through a limited number of outlets of the HIL Group. According to the business plan of the Group, the Company currently estimates that there will be around 5 to 10 and 10 to 15 new Products to be launched and made available to the Cheung Kong Group and the HIL Group respectively starting from the last quarter of 2003 to the end of 2005. As such, the Company considers that it is not appropriate to make reference to the previous transactions with each of the Cheung Kong Group and the HIL Group for the purpose of estimating the proposed annual caps for the year ending 31st December, 2003 and thereafter up to the end of 2005. After discussion with the management of the Company in this regard, we concur with the view of the Company and consider it reasonable to determine the relevant annual caps with reference to the sales projection of the Company rather than the historical sales figures.

In assessing the reasonableness of the relevant annual caps, we have discussed with the management of the Company the bases and assumptions underlying the overall sales projection for the purpose of setting the relevant annual caps.

We note that the sales projection of the Products to be provided to the Cheung Kong Group and the HIL Group was made with reference to the product development and commercialisation plans of the Group. According to the half-year report 2003 of the Company, the Group kept up with the progress of its plan of commercialising the Products including NutriSmart™, an eco-agricultural product, WonderTreat™, a bioremediation product, and VitaGain™, a nutraceutical product. In terms of expanding market penetration and coverage, a network of nine markets spanning three continents has been established for the sale and distribution of NutriSmart™. Test marketing of WonderTreat™ continued in Mainland China and Australia. VitaGain™ was launched in Hong Kong for sale and distribution in May 2003. For the six months ended 30th June, 2003, the sales of eco-agricultural products increased substantially and amounted to approximately HK\$10.77 million as compared to the corresponding figure of approximately HK\$0.43 million in the corresponding period in 2002. The launching of nutraceutical products in the first-half of 2003 also contributed to the sales of the Group, amounting to approximately HK\$1.26 million as compared to nil in the corresponding period in 2002. According to the product development plan of the Group, there will be around 10 to 15 new Products to be commercialised by the end of 2005. With the cooperation between the Group and the Cheung Kong Group and the HIL Group respectively under the Supply Agreements, the Group could sell or distribute its Products to and/or through these two conglomerates, each of which has extensive business operations and networks in various parts of the world and in the case of the HIL Group, has over 3,000 retail outlets in Hong Kong and overseas. We have no reason to doubt that the entering into of the Supply Agreements could help boost the sales of the Products. Taking into account the product development plan of the Group and the strong

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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sales network of the Cheung Kong Group and the HIL Group, we consider that the projected annual figures of providing the Products to these two conglomerates to form the basis for determining the relevant annual caps provide a sufficient buffer for the Group to expand its business and sales globally up to 31st December, 2005 and, if the Continuing Connected Transactions are approved by the Independent Shareholders, minimise the Company's resources to fulfill the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules in relation to the Continuing Connected Transaction. On this basis, we consider that the relevant annual caps being set for the value of the Products provided or to be provided to the Cheung Kong Group and the HIL Group respectively are in the interests of the Company and the Shareholders as a whole and are fair and reasonable as far as the interest of the Independent Shareholders are concerned. Having said that, Independent Shareholders should note that the projected figures may vary depending on numerous factors, including the progress of research and development of the new Products, the market reception of the new Products and the market condition at the time of the proposed launch of the new Products and throughout the duration of the Supply Agreements. Accordingly, Independent Shareholders should not regard these projected figures as the turnover projection of the Group for each of the three consecutive financial years ending 31st December, 2005.

According to the sales projection of the Group, the aggregate value of the Products provided and/or to be provided to the Cheung Kong Group and the HIL Group accounts for a relatively high percentage of the total projected sales of the Group for each of the three consecutive years ending 31st December, 2005. The Company represents that the Group at the beginning will rely, to a larger extent, on the Cheung Kong Group and the HIL Group (in case of the HIL Group, it has extensive retail outlets globally) to sell and market the Products. However, such reliance is expected to be declining as the Group plans to set up wider networks with other independent distributors worldwide. Independent Shareholders should note that since each of the Cheung Kong Group and the HIL Group has extensive business operations and networks in various parts of the world, the entering into of the Supply Agreements with each of the Cheung Kong Group and the HIL Group is a logical corporate decision for the Company to quickly build up the brand awareness of and customers' loyalty on the Products via such extensive business operations and networks. In this respect, we consider that even though the value provided and/or to be provided to the Cheung Kong Group and the HIL Group as a whole will account for a relatively high percentage of the total projected sales of the Group in the initial years, it is still in the interests of the Company and its Shareholders as a whole to enter into the Supply Agreements with these two conglomerates.

### *Value of the Sales Related Payments payable by the Group to the HIL Group*

Regarding the value of the Sales Related Payments payable by the Group to the HIL Group under the HIL Supply Agreement, the Directors confirm that the projected figures are determined based on current practice of the distributors and the retailers taking into account the number of Products to be sold and the projected sales prices and sales volume.

We note that the Sales Related Payments payable by the Group to the HIL Group amounted to approximately HK\$4.40 million, HK\$18.96 million and HK\$42.54 million for each of the three consecutive financial years ending 31st December, 2005, representing approximately

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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29.08%, 19.40% and 18.16% of the projected value of the Products provided or to be provided by the Group to the HIL Group during each of the corresponding years. For the year ending 31st December, 2003, the percentage of the Sales Related Payments is higher than that of the latter years. The Company represents that this is because some of the Sales Related Payments (such as product listing fees) do not vary directly with the value of the Products provided or to be provided by the Group to the HIL Group. The percentage of the Sales Related Payment is projected to be declining over the three consecutive financial years ending 31st December, 2005 as the said value of the Products increases in the latter years. Save for that, the Directors confirm that determination of the projected figures of the Sales Related Payments is a function of the sales projection to the HIL Group under the HIL Supply Agreement with reference to the current practice of distributors and the retailers. In addition, as discussed in the following section headed “Conditions for approving the Continuing Connected Transactions”, the terms and conditions (including the price chargeable by the Group) for the provision of the Products by the Group to the relevant members of the Cheung Kong Group or the HIL Group (as the case may be) shall be determined with reference to and be comparable with market rates and the terms and conditions for the provision of the Products by the Group to independent third parties, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties. In this regard, we consider that the proposed annual caps for the Sales Related Payment are fairly and reasonably determined.

### CONDITIONS FOR APPROVING THE CONTINUING CONNECTED TRANSACTIONS

Regarding the Continuing Connected Transactions under each of the Supply Agreements, the Directors confirm that they will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm’s length basis between the relevant members of the Group and the Cheung Kong Group or the HIL Group (as the case may be). In particular, the terms and conditions (including the price chargeable by the Group) for the provision of the Products by the Group to the relevant members of the Cheung Kong Group or the HIL Group (as the case may be) shall be determined with reference to and be comparable with market rates and the terms and conditions for the provision of the Products by the Group to independent third parties, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties. On this basis, we concur with the views of the Directors that the Continuing Connected Transactions under each of the Supply Agreements will be carried out on normal commercial terms.

According to the sub-section headed “Conditions of the approval of the Independent Shareholders” in the Letter from the Board on pages 10 and 11 of the Circular, there are several conditions for approving the Continuing Connected Transactions for the year ending 31st December, 2003 and up to the year ending 31st December, 2005. We note that appropriate measures will be in place to monitor the Continuing Connected Transactions and protect the interests of the Independent Shareholders, particularly:

- (i) if any of the relevant annual caps is exceeded, the Company must comply with the reporting, announcement and independent shareholders’ approval requirements under Rules 20.34, 20.35 and 20.36 of the GEM Listing Rules respectively, as may be applicable, in respect of the relevant transactions;

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## LETTER FROM PLATINUM SECURITIES COMPANY LIMITED

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- (ii) any changes or updates to any terms of the agreements for the Continuing Connected Transactions or if the relevant caps are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption thereon; and
- (iii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Continuing Connected Transactions, in particular, whether they would enter into either on normal commercial terms or where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than those available to or from (as appropriate) independent third parties.

As such, we consider that the conditions for approving the Continuing Connected Transactions are fair and reasonable as far as the interests of the Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the above-mentioned principal factors, we are of the opinion that the terms of each of the Supply Agreements, as a whole, are in the interests of the Company and its Shareholders and are fair and reasonable as far as the interests of the Independent Shareholders are concerned. The Continuing Connected Transactions under each of the Supply Agreements are carried out on normal commercial terms and in the ordinary course of business of the Group. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the Ordinary Resolutions to be proposed at the EGM to approve the Continuing Connected Transactions.

Yours faithfully,  
For and on behalf of  
**Platinum Securities Company Limited**  
*Jeny Lau*  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (1) Long positions in the shares of the Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	–	–	2,820,008,571 (Note 1)	2,821,508,571	44.04%
Kam Hing Lam	Interest of child or spouse	–	4,150,000	–	–	4,150,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	–	–	–	1,500,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	1,500,000	–	–	–	1,500,000	0.02%
Pang Shiu Fun	Beneficial owner	1,500,000	–	–	–	1,500,000	0.02%
Chu Kee Hung	Beneficial owner	1,500,000	–	–	–	1,500,000	0.02%
Lam Hing Chau, Leon	Beneficial owner	1,250,000	–	–	–	1,250,000	0.02%
Kwan Chiu Yin, Robert	Interest of a controlled corporation	–	–	500,000 (Note 2)	–	500,000	0.01%
Peter Peace Tulloch	Beneficial owner	700,000	–	–	–	700,000	0.01%
Wong Yue-chim, Richard	Beneficial owner	250,000	–	–	–	250,000	≈0%
Kwok Eva Lee	Beneficial owner	200,000	–	–	–	200,000	≈0%

## Notes:

1. Such 2,820,008,571 Shares are held by a subsidiary of Cheung Kong. Li Ka-Shing Unity Trustee Company Limited (“TUT”) as trustee of The Li Ka-Shing Unity Trust (the “LKS Unity Trust”) and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Mr. Li Tzar Kuoi, Victor, as a discretionary beneficiary of such discretionary trusts and a Director of the Company, is taken to be interested in those shares of Cheung Kong and thus is taken to be interested in those 2,820,008,571 Shares held by the subsidiary of Cheung Kong under the SFO.
2. Such Shares are held by a company wholly-owned by Mr. Kwan Chiu Yin, Robert.

**(2) Long positions in the underlying shares of the Company**

Pursuant to the share option scheme adopted by the Company on 26th June, 2002 (the “Share Option Scheme”), certain Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for shares of the Company, details of which as at the Latest Practicable Date were as follows:

Name of Director	Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share HK\$
Yu Ying Choi, Alan Abel	30/9/2002	310,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 - 26/1/2013	1.446
Pang Shiu Fun	30/9/2002	310,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 - 26/1/2013	1.446
Chu Kee Hung	30/9/2002	310,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 - 26/1/2013	1.446
Lam Hing Chau, Leon	30/9/2002	222,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	480,000	27/1/2004 - 26/1/2013	1.446

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions

which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules.

### 3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### (1) Long positions of substantial shareholders in the shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Gold Rainbow Int'l Limited	Beneficial owner	2,820,008,571	44.01%
Gotak Limited	Interest of a controlled corporation	2,820,008,571 (Note i)	44.01%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	2,820,008,571 (Note ii)	44.01%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	2,820,008,571 (Note iii)	44.01%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
Trueway International Limited	Beneficial owner	1,410,004,286	22.01%
Tangiers Enterprises Limited	Interest of controlled corporations	1,880,005,715 (Note iv)	29.34%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	4,700,014,286 (Note v)	73.36%

**(2) Long positions of other persons in the shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>Number of Ordinary Shares</b>	<b>Approximate % of Shareholding</b>
Triluck Assets Limited	Beneficial owner	470,001,429	7.34%
Cheung Ling Yuk, Larry	Beneficial owner	401,585,714 (Note vi)	6.27%

## Notes:

- i. This represents the same block of Shares as shown against the name of Gold Rainbow Int'l Limited ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of Shares in which Gold Rainbow was interested under the SFO.
- ii. As Gotak Limited is wholly-owned by Cheung Kong, Cheung Kong is deemed to be interested in the same number of Shares which Gotak Limited is deemed to be interested under the SFO.
- iii. TUT as trustee of the LKS Unity Trust and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. Under the SFO, each of TUT as trustee of the LKS Unity Trust, TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust is deemed to be interested in the same block of Shares as Cheung Kong is deemed to be interested as disclosed in Note ii above.
- iv. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by Tangiers Enterprises Limited ("Tangiers") and Tangiers is deemed to be interested in a total of 1,880,005,715 Shares under the SFO, being the aggregate of the Shares in which Trueway and Triluck were interested as shown against the names Trueway and Triluck above.
- v. This represents the aggregate of the blocks of Shares in which Tangiers and Cheung Kong are respectively deemed to be interested under the SFO. As Mr. Li Ka-shing owns the entire issued share capital of Tangiers and one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn holds the entire issued share capital of TUT, TDT1 and TDT2, under the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of Shares in which both Tangiers and Cheung Kong are deemed to be interested as mentioned above.
- vi. The interests of Mr. Cheung Ling Yuk, Larry in the share options granted by the Company are separately disclosed under the section headed "Details of Options Granted by the Company".

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following shareholder was interested in 10% or more of the equity interests of the following subsidiary of the Company:

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>No. and class of shares held</b>	<b>% of shareholding</b>
PT Far East Agritech	PT Anggraini Mulia	60,000 ordinary shares	40%

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

#### 4. DETAILS OF OPTIONS GRANTED BY THE COMPANY

The Company has adopted the Share Option Scheme under which the Directors or employees of the Company or its subsidiaries or certain other persons may be granted share options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Share Option Scheme.

As at the Latest Practicable Date, options to subscribe for an aggregate of 13,278,000 shares of the Company granted to certain continuous contract employees (including the Executive Directors of the Company as disclosed above and the management shareholder as disclosed below) pursuant to the Share Option Scheme were outstanding, details of which were as follows:

<b>Date of grant</b>	<b>Number of share options outstanding as at the Latest Practicable Date</b>	<b>Option period</b>	<b>Subscription price per Share HK\$</b>
30/9/2002	4,028,000	30/9/2003 - 29/9/2012 (Note 1)	1.598
27/1/2003	9,250,000	27/1/2004 - 26/1/2013 (Note 2)	1.446 (Note 3)

Details of the share options granted to Mr. Cheung Ling Yuk, Larry, a management shareholder of the Company, pursuant to the Share Option Scheme as at the Latest Practicable Date were as follows:

<b>Date of grant</b>	<b>Number of share options outstanding as at the Latest Practicable Date</b>	<b>Option period</b>	<b>Subscription price per Share HK\$</b>
30/9/2002	316,000	30/9/2003 - 29/9/2012 (Note 1)	1.598
27/1/2003	580,000	27/1/2004 - 26/1/2013 (Note 2)	1.446 (Note 3)

## Notes:

1. The options are exercisable from 30th September, 2003 to 29th September, 2012 (both days inclusive) subject to the following vesting period:
  - (i) up to 35% of the options commencing on 30th September, 2003;
  - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 30th September, 2004; and
  - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 30th September, 2005.
2. The options are exercisable from 27th January, 2004 to 26th January, 2013 (both days inclusive) subject to the following vesting period:
  - (i) up to 35% of the options commencing on 27th January, 2004;
  - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 27th January, 2005; and
  - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 27th January, 2006.
3. The closing price of the Shares immediately before the date on which the options were granted is HK\$1.43.

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, the interests of Directors, management shareholders of the Company or their respective associates in the businesses which compete or may compete, either directly or indirectly, with the businesses of the Group were as follows:

<b>Name of Director</b>	<b>Name of Company</b>	<b>Nature of Interest</b>
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman (Note)
	Hutchison Whampoa Limited	Deputy Chairman (Note)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director (Note)
	Hutchison Whampoa Limited	Executive Director (Note)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Executive Director
<b>Name of Management Shareholder</b>	<b>Name of Company</b>	<b>Nature of Interest</b>
Li Ka-shing	Cheung Kong (Holdings) Limited	Chairman (Note)
	Hutchison Whampoa Limited	Chairman (Note)

Note: Apart from holding of the directorship in each of Cheung Kong and HWL, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Kam Hing Lam and/or their respective family members have direct and/or indirect interests in the shares of Cheung Kong and HWL.

Both Cheung Kong and HWL engage in a wide range of businesses and investments which include, inter alia, health care, dietary supplement businesses and/or research, development, manufacture, marketing and/or sale of pharmaceutical and nutraceutical products through their subsidiaries, associated companies or by way of other forms of investments. The disclosure herein above is made on the basis that there might be a chance that such businesses might have competed, either directly or indirectly, with those of the Group under Rule 11.04 of the GEM Listing Rules.

Save as disclosed above, none of the Directors, the management shareholders of the Company or their respective associates have any interests in a business which competes or may compete with the business of the Group.

#### 6. DIRECTORS' INTERESTS IN CONTRACTS

- (a) None of the Directors has an existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).
- (b) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

#### 7. MATERIAL CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31st December, 2002, the date to which the latest published audited financial statements of the Group were made up.

#### 8. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Platinum Securities Company Limited	A deemed licensed corporation under transitional arrangement within the meaning of the SFO to carry out types 1, 4, 6 and 9 regulated activities under the SFO

- (b) As at the Latest Practicable Date, Platinum does not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) As at the Latest Practicable Date, Platinum did not have any direct or indirect interest in any assets which have been since 31st December, 2002, the date to which the latest published audited account of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.
- (d) Platinum has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 10th September, 2003 and the references to its name included herein in the form and context in which they respectively appear.

#### **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the office of Woo, Kwan, Lee & Lo at 27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong up to and including 26th September, 2003:

- (a) the Cheung Kong Supply Agreement;
- (b) the HIL Supply Agreement;
- (c) the letter from Platinum, the text of which as set out on pages 14 to 20 of this circular; and
- (d) the written consent from Platinum referred to in paragraph 8(d) of this Appendix.

#### **10. MISCELLANEOUS**

- (a) The registered office of the Company is situated at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands.
- (b) The head office of the Company is situated at 2 Dai Fu Street, Tai Po Industrial Estate, Tai Po, Hong Kong and the principal place of business of the Company is situated at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (d) The company secretary of the Company is Ms. Eirene Yeung who is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales. She also holds a Master's degree in Business Administration.
  
- (e) In any event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **CK Life Sciences Int'l. (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of CK Life Sciences Int'l., (Holdings) Inc. (the “Company”) will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 26th September, 2003 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

**1. “THAT**

- (a) each of the Continuing Connected Transactions (as defined and more particularly described in the circular to the shareholders of the Company dated 10th September, 2003 (the “Circular”) under or pursuant to the Cheung Kong Supply Agreement (as defined and more particularly described in the Circular) be and is hereby approved, with the value of the Products (as defined in the Circular) provided or to be provided by the Company and its subsidiaries to the Cheung Kong Group (as defined in the Circular) to be subject to the maximum aggregate annual values in each of the three financial years ending 31st December, 2005 as stated below:

<b>Maximum aggregate annual values (in HK\$)</b>		
<b>for the year ending 31st December, 2003</b>	<b>for the year ending 31st December, 2004</b>	<b>for the year ending 31st December, 2005</b>
7,000,000	18,000,000	42,000,000

- (b) the entering into, execution, performance and implementation of the Cheung Kong Supply Agreement (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the Continuing Connected Transactions under or pursuant thereto by the directors of the Company (the “Directors”) for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (c) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purposes of or in connection with the implementation of the Cheung Kong Supply Agreement and all the Continuing Connected Transactions under or pursuant thereto.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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2. “THAT

- (a) each of the Continuing Connected Transactions (as defined and more particularly described in the circular to the shareholders of the Company dated 10th September, 2003 (the “Circular”)) under or pursuant to the HIL Supply Agreement (as defined and more particularly described in the Circular) be and is hereby approved, with the value of the Products (as defined in the Circular) provided or to be provided by the Company and its subsidiaries to the HIL Group (as defined in the Circular) and the value of the Sales Related Payments (as defined in the Circular) payable by the Company and its subsidiaries to the HIL Group to be subject to the respective maximum aggregate annual values in each of the three financial years ending 31st December, 2005 as stated below:

	Maximum aggregate annual values (in HK\$)		
	for the year ending 31st December, 2003	for the year ending 31st December, 2004	for the year ending 31st December, 2005
<b>Value of Products</b>	16,000,000	98,000,000	235,000,000
<b>Value of Sales Related Payments</b>	5,000,000	19,000,000	43,000,000

- (b) the entering into, execution, performance and implementation of the HIL Supply Agreement (a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) and the Continuing Connected Transactions under or pursuant thereto by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (c) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purposes of or in connection with the implementation of the HIL Supply Agreement and all the Continuing Connected Transactions under or pursuant thereto.”

By Order of the Board  
**Eirene Yeung**  
*Company Secretary*

Hong Kong, 10th September, 2003

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Registered Office**

P.O. Box 309GT  
Ugland House  
South Church Street  
Grand Cayman  
Cayman Islands

**Head Office**

2 Dai Fu Street  
Tai Po Industrial Estate  
Tai Po  
Hong Kong

**Principal Place of Business**

7th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

## Notes:

1. Any member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxy to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong not later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof (as the case may be).
3. Completion and return of the accompanying form of proxy will not preclude a member from attending and voting at the extraordinary general meeting or any adjourned meeting (as the case may be) should the member so desires.

*This circular (in both English and Chinese versions) (“Circular”) has been posted on the Company’s website at <http://www.ck-lifesciences.com>. Shareholders who have chosen to rely on copies of the Company’s Corporate Communication (including but not limited to Annual Report, summary financial report (where applicable), Half-year Report, Quarter Report, notice of meeting, listing document and circular) posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Circular.*

*Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Circular posted on the Company’s website will promptly upon request be sent the Circular in printed form free of charge.*

*Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s Corporate Communication by notice in writing to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.*

*Shareholders who have chosen to receive printed copy of the Corporate Communication in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.*