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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)

FIRST QUARTER REPORT FOR THE PERIOD ENDED 31 MARCH 2003

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This announcement, for which the directors (the “Directors”) of CK Life Sciences Int'l. (Holdings) Inc. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

Growth Trend Continues with Second Consecutive Quarter of Profit

I am pleased to report that CK Life Sciences Int'l., (Holdings) Inc. and its subsidiaries (the "Group") achieved a net profit of HK\$227,000 in the first quarter of 2003. This is the Group's second consecutive quarter with operating profit. The Group's ability to grow the business and its potential to sustain a growth trend are evident. With the Group's public listing taken place last July, achieving profitability within such a short period of time represents exceptional performance compared to peer startup companies in the biotechnology industry. It is anticipated that this pattern of exceeding expectations will continue.

Financial Highlights

Supported by enhanced marketing efforts and the expansion of distribution network, the Group achieved substantial sales growth for the quarter under review. During the three months ended 31 March 2003, the Group recorded an unaudited turnover of HK\$5,295,000, which is about 40 times the sales of HK\$134,000 recorded in the corresponding period last year. Profit attributable to shareholders for the three months ended 31 March 2003 has significantly improved to HK\$227,000 from a loss of HK\$22,146,000 in the same period last year. The Board of Directors has not declared any dividend for the period under review.

Financial Performance

HK\$'000	Q1, 2003	Q1, 2002
Turnover	5,295	134
Net Profit/(Loss)	227	(22,146)

The results achieved in this quarter are indicative of the ongoing growth trend commenced last year. This strong performance is attributed to two major factors:

- 1) Strong Sales Response to NutriSmart™
Strong demand has caused a surge in sales for the Group's eco-fertilizer, NutriSmart™, to HK\$5,295,000 during the first quarter of 2003. This represents an amount greater than the total sales generated in all four quarters in 2002. A consistent growth trend has developed over the past five quarters.

HK\$'000	Q1, 2003	Q4, 2002	Q3, 2002	Q2, 2002	Q1, 2002
Turnover	5,295	3,060	1,456	298	134
% increase over prior quarter	73%	110%	389%	122%	-

2) Attractive Returns from Effective Financial Management Continue

As in the fourth quarter of last year, considerable treasury income was generated from interest and investment returns made from funds raised during the initial public offer, which are yet to be utilized. Effective and prudent financial and risk management will continue to be implemented to maintain this additional profit stream for the Group.

The Group's pillars of financial strength - capital resources, visionary strategy and robust growth trend - all reflect fully CK Life Sciences' potential in achieving sustained returns and progress.

Review of the First Quarter

During the period under review, the Group made substantial progress. There was rapid expansion in its business network, successful trials and positive responses to the NutriSmart™ eco-fertilizer and WonderTreat™ bioremediation products around the world, budding sales in existing markets, as well as ongoing research and development in a range of health-related products that showed encouraging results.

- Maintaining Sales Growth Momentum Through Network Expansion

The Group's dual strategy of expanding market coverage and deepening market penetration has resulted in accelerating market acceptance and increasing NutriSmart™ sales. The two recent appointments of distributors for this eco-fertilizer further strengthened the sales network. LidoChem, Inc. was appointed the second distributor in the United States, to cover the east coast market, complementing the earlier appointment of Wilbur-Ellis whose responsibilities lie in the west coast of the country. The appointment of Jardine Davies Inc. as the sole distributor in the Philippines widened the Group's coverage in Asia further. Presently, a network of nine distributors spanning three continents has been established, consisting of two distributors in the United States, six in Asia and one in Australia.

- Favourable Customer Response to NutriSmart™ Eco-fertilizer Applications

Since the launch of NutriSmart™ a year and a half ago, there has been constant record of favourable responses from customers who have adopted the eco-fertilizer. Feedback from sugarcane farmers in the Burdekin region of Australia, the rice growers in Asia and the Hong Kong Agricultural, Fishery and Conservation Department all suggest that NutriSmart™, which provides both economic and environmental benefits to the agricultural communities, has the potential to revolutionize the fertilizer industry.

In addition to the application of eco-fertilizer to the traditional markets of the growing of fruits, vegetables, cereal crops and plantation, the Group has identified three premium markets for NutriSmart™ eco-fertilizer and implementation work is underway. These markets are:

- (i) Chinese medicinal herb farming;
- (ii) Golf courses; and
- (iii) Organic farming.

- WonderTreat™ Bodes Well in Mainland China and Australia
WonderTreat™ sales activities have commenced in Shijiazhuang City in Mainland China after successfully accelerating the fermentation process of chicken manure into compost for use as fertilizer. In South Australia, the initial trial results of WonderTreat™ for the treatment of municipal wastewater and pig manure have been satisfactory. Other tests are being arranged.
- HIV/AIDS Research Continues
The Group established the “CK Life Sciences AIDS Research Institute” with an initial budget allocation of HK\$370 million as part of the global research programme for its HIV/AIDS products. Research in Mainland China continues, while a programme has commenced in Australia and more collaboration with medical institutes around the world is in discussion.
- Commercialization of Health-Related Products Accelerates
Based on its proprietary yeast-based technology platform, the Group has built a broad product portfolio consisting of human health related products as well as animal-feed additive products. Research and development is progressing well and has been accelerated, shortening the product development cycle. Some applications are already at patent-pending stage including one related to HIV/AIDS treatment, another to the functional adjustment of white blood cells, an additional ten health supplements/immunity-enhancing products, as well as 13 animal-feed additives aimed at strengthening animal immune systems.

Prospects

Following the good progress made last quarter, the results of the quarter under review continue to be encouraging. Given the strong market reception of NutriSmart™ and WonderTreat™, and progressive HIV/AIDS research, a growth trend has emerged. Going forward, CK Life Sciences will implement the following strategies:

1. Continued Sales Growth Momentum
Under the Group’s dual strategy of expanding market coverage and deepening market penetration, the Group will continue to focus on extending the reach of its distribution network, and at the same time pursue further penetration of existing markets. Product in different categories will be launched in these markets to maximize synergy and leverage available resources to generate sales efficiently.
2. Accelerated Entry Into the Health Market
The Group’s vision is to provide life science products that will help solve some of the pressing problems of the world, particularly those in the fields of human health and environmental sustainability. At present, we see the market exhibits global demand for products such as those being developed by the Group, and this worldwide demand continues to grow stronger every day.

Over the past two months, Hong Kong and other parts of the world have suffered from infectious diseases caused by viral attacks such as birds’ flu and atypical pneumonia. Incidentally, the rising concern over health and immunity has posed a particularly pressing demand for some of the Group’s products currently being commercialized.

The Group has developed a series of health-related products aimed at boosting human and animal immunity. Many of them are already at an advanced stage of development. The research and development for this series is progressing well and the Group is now making a concerted effort to bring to the market shortly the first of a series of immunity enhancement products to meet market demand.

CK Life Sciences is committed to carrying out research work and developing products that enhance the quality of life for human beings. The Group, which has already been ahead of the curve in developing products in line with its broader vision, is now accelerating its entry into the health market in view of the current health crisis that has hit Hong Kong, Mainland China and other parts of the world. It is envisaged that the Group's endeavours will continue to be accomplished one after another, each extending the existing growth trend further.

Acknowledgements

For the Group's strong sales improvement and for achieving profitability in the second consecutive quarter within such a short period of time after listing, I wish to thank our shareholders, Board of Directors, management, staff and business partners for their support.

I also wish to take this opportunity to commend the front-line medical staff in Hong Kong who have worked incessantly daily in the fight against atypical pneumonia for the general public. We at CK Life Sciences are deeply appreciative of their dedication and professionalism.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 7 May 2003

UNAUDITED CONSOLIDATED RESULTS

The unaudited consolidated results of the Group for the three months ended 31 March 2003, together with the comparative unaudited results for the corresponding period in 2002 are set out below:

	<i>Notes</i>	Three months ended	
		31 March	
		2003	2002
		HK\$'000	HK\$'000
Turnover	2	5,295	134
Cost of sales		(3,882)	(104)
Gross profit		1,413	30
Other revenue	3	51,987	3
Staff costs	4	(26,084)	(13,736)
Depreciation		(5,029)	(2,951)
Amortization of intangible assets		(690)	(158)
Operating expenses		(21,394)	(5,334)
Profit/(Loss) from operations		203	(22,146)
Share of results of an associate		(15)	-
Profit/(Loss) before taxation		188	(22,146)
Taxation	5	-	-
Profit/(Loss) after taxation		188	(22,146)
Minority interests		39	-
Profit/(Loss) attributable to shareholders		227	(22,146)
Earnings/(Loss) per share	6		
- basic (Hong Kong cents)		0.004 cent	(0.434 cent)

NOTES:

1. Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules. They have also been prepared under the historical cost convention, as modified for the revaluation of certain fixed assets and investments in securities.

The Group reorganized its structure in 2002 for listing of the Company on the GEM of the Stock Exchange. In accordance with the Statement of Standard Accounting Practice 27 “Accounting for Group Reconstructions”, the results of the Group for the three months ended 31 March 2002 have been prepared on the merger accounting basis as if the current structure of the Group had been in existence throughout the period.

2. Turnover

Turnover represents the net amount received and receivable for sales of a range of environmentally friendly fertilizers.

3. Other revenue

Other revenue comprises of income from bank deposits and investment in financial instruments.

4. Staff costs

Staff costs which include salaries, bonuses, retirement benefit scheme contribution and recruitment costs for the period under review amounted to HK\$29,208,000 (2002: HK\$17,430,000) of which HK\$3,124,000 (2002: HK\$3,694,000) relating to development activities was capitalized.

5. Taxation

No provision for Hong Kong profits tax has been made as the Group had no assessable profit for the period under review (2002: Nil).

6. Earnings/(loss) per share

The calculation of the basic earnings per share for the three months ended 31 March 2003 is based on the Group's unaudited profit attributable to shareholders of HK\$227,000 (2002: loss of HK\$22,146,000) and 6,407,000,000 shares in issue during the period (2002: assuming 5,100,000,000 shares had been in issue).

No diluted earnings per share is presented for the three months ended 31 March 2003 because the exercise price for the Company's outstanding share options was higher than the average market price of the shares of the Company and thus the conversion of the share options would not have any dilutive effect on the earnings per share. There were no dilutive potential ordinary shares outstanding for the corresponding period in last year.

7. Dividend

No dividend has been declared by the Board of Directors for the three months ended 31 March 2003 (2002: Nil).

8. Movements of reserves

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<u>2002</u>				
At 1 January 2002	-	-	(195,425)	(195,425)
Loss for the three months ended 31 March 2002	-	-	(22,146)	(22,146)
At 31 March 2002	-	-	(217,571)	(217,571)
<u>2003</u>				
At 1 January 2003	2,391,662	46,042	(284,320)	2,153,384
Deficit on revaluation of investments in securities	-	(8,202)	-	(8,202)
Realized on disposal of investments in securities	-	(5,754)	-	(5,754)
Profit for the three months ended 31 March 2003	-	-	227	227
At 31 March 2003	2,391,662	32,086	(284,093)	2,139,655

DIRECTORS' INTERESTS

As at 31 March 2003, the interests of the Directors and their respective associates in the securities of the Company and its associated corporations as required to be recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

(1) Shares of the Company

Name of Director	Number of Ordinary Shares				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Li Tzar Kuoi, Victor	1,500,000	-	-	2,820,008,571 (Note 1)	2,821,508,571
Kam Hing Lam	-	4,150,000	-	-	4,150,000
Ip Tak Chuen, Edmond	1,500,000	-	-	-	1,500,000
Yu Ying Choi, Alan Abel	1,500,000	-	-	-	1,500,000
Pang Shiu Fun	1,500,000	-	-	-	1,500,000
Chu Kee Hung	1,500,000	-	-	-	1,500,000
Lam Hing Chau, Leon	1,250,000	-	-	-	1,250,000
Kwan Chiu Yin, Robert	-	-	500,000 (Note 2)	-	500,000
Peter Peace Tulloch	700,000	-	-	-	700,000
Wong Yue-chim, Richard	250,000	-	-	-	250,000
Kwok Eva Lee	200,000	-	-	-	200,000

Notes:

- Such 2,820,008,571 shares are held by a subsidiary of Cheung Kong (Holdings) Limited (“Cheung Kong Holdings”). 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 approximately one-third of the issued share capital of Cheung Kong Holdings. All issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, 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 Holdings and thus is taken to be interested in those 2,820,008,571 shares held by the subsidiary of Cheung Kong Holdings under the SDI Ordinance.

Effective 1 April 2003, the discretionary beneficiaries of each of those discretionary trusts referred to above are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard.

- Such shares are held by a company owned by Mr. Kwan Chiu Yin, Robert.

(2) Options to subscribe for shares of the Company

Pursuant to the share option scheme adopted by the Company on 26 June 2002 (the "Share Option Scheme"), certain Directors were granted share options to subscribe for shares of the Company, details of which as at 31 March 2003 were as follows:

Name of Director	Date of grant	Number of share options outstanding	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, during the three months ended 31 March 2003, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, none of the Directors or their respective associates had, as at 31 March 2003, any interests in the securities of the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

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 31 March 2003, options to subscribe for an aggregate of 13,742,000 shares of the Company (which include the options granted to certain Executive Directors of the Company as disclosed above) were outstanding, details of which were as follows:

Date of grant	Number of share options outstanding	Option period	Subscription price per share HK\$
30/9/2002	4,154,000	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	9,588,000	27/1/2004 – 26/1/2013 (Note 2)	1.446

Notes:

1. The options are exercisable from 30 September 2003 to 29 September 2012 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 30 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 30 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 30 September 2005.
2. The options are exercisable from 27 January 2004 to 26 January 2013 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 27 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 27 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 27 January 2006.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2003, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors:

Name	Number of Ordinary Shares
Gold Rainbow Int'l Limited	2,820,008,571
Gotak Limited	2,820,008,571 (Note i)
Cheung Kong (Holdings) Limited	2,820,008,571 (Note ii)
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	2,820,008,571 (Note iii)
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	2,820,008,571 (Note iii)
Li Ka-Shing Unity Holdings Limited	2,820,008,571 (Note iii)
Trueway International Limited	1,410,004,286
Tangiers Enterprises Limited	1,880,005,715 (Note iv)
Li Ka-shing	4,700,014,286 (Note v)

Notes:

- i. This represents the same block of shares in the Company 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 SDI Ordinance.
- ii. As Gotak Limited is wholly-owned by Cheung Kong Holdings, Cheung Kong Holdings is deemed to be interested in the same number of shares which Gotak Limited is deemed to be interested under the SDI Ordinance.
- iii. TUT as trustee of the LKS Unity Trust and companies controlled by TUT as trustee of the LKS Unity Trust hold approximately one-third of the issued share capital of Cheung Kong Holdings. All issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. More than one-third of the issued share capital of TUT and of the trustees of the discretionary trusts mentioned above are owned by Li Ka-Shing Unity Holdings Limited. Under the SDI Ordinance, each of TUT as trustee of the LKS Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Holdings Limited is deemed to be interested in the same block of shares as Cheung Kong Holdings is deemed to be interested as disclosed in Note ii above.
- iv. Trueway International Limited ("Trueway") is 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 SDI Ordinance, being the aggregate of the shares in which Trueway was interested as shown against the name Trueway above and the 470,001,429 shares held by Triluck Assets Limited (another company wholly-owned by Tangiers).
- v. This represents the aggregate of the blocks of shares in the Company in which Tangiers and Cheung Kong Holdings are respectively deemed to be interested under the SDI Ordinance. As Mr. Li Ka-shing owns more than one-third of the issued share capital of Tangiers and Li Ka-Shing Unity Holdings Limited, under the SDI Ordinance Mr. Li Ka-shing is deemed to be interested in the same number of shares in which both Tangiers and Cheung Kong Holdings are deemed to be interested as mentioned above.
- vi. Effective 1 April 2003, each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Li Ka-Shing Unity Holdings Limited.

COMPETING INTERESTS

During the three months ended 31 March 2003, the interests of Directors, management shareholders of the Company or their respective associates as defined in the GEM Listing Rules (the “Associates”) in the businesses which compete or may compete, either directly or indirectly, with the businesses of the Group were as follows:

Name of Director	Name of Company	Nature of Interest
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
Name of Management Shareholder	Name of Company	Nature of Interest
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 (Holdings) Limited and Hutchison Whampoa Limited, 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 (Holdings) Limited and Hutchison Whampoa Limited.

Both Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited 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.

SPONSOR'S INTERESTS

Pursuant to a sponsor's agreement dated 3 July 2002 between the Company and Salomon Smith Barney Hong Kong Limited ("SSB") (now known as "Citigroup Global Markets Asia Limited"), SSB has been appointed as a sponsor to the Company as required under the GEM Listing Rules at a fee from 16 July 2002 to 31 December 2004.

As notified to the Company by SSB, as at 31 March 2003, neither SSB, its directors, employees nor their associates had any interests in any securities of the Company or any of its associated corporations.

AUDIT COMMITTEE

The Company has established an audit committee on 26 June 2002 with written terms of reference based on the guidelines recommended by the Hong Kong Society of Accountants. The audit committee comprises two Independent Non-executive Directors of the Company, namely Professor Wong Yue-chim, Richard who is the Chairman of such committee, and Mrs. Kwok Eva Lee.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company.

The audit committee has already reviewed the Group's unaudited results for the three months ended 31 March 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 31 March 2003, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.ck-lifesciences.com.