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This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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.



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

On 29 August 2003, the Company has entered into the Supply Agreements with each of Cheung Kong and HIL pursuant to which, 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 and the HIL Group respectively for use or consumption and/or for sale and distribution subject to the terms and conditions set out in the respective Supply Agreements.

As at the date of this announcement (i) Cheung Kong is interested in approximately 44.01% of the issued share capital of the Company and therefore is a substantial shareholder of the Company and (ii) Cheung Kong is interested in approximately 49.97% of the issued share capital of 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. Since the transactions under each of the Supply Agreements involve provision of goods which shall be carried out on a continuing or 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 of the Company under the GEM Listing Rules. The Company will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 20.34, 20.35 and 20.36 of the GEM Listing Rules, respectively in relation to those transactions.

In view of the above, the Company will seek the approval of the Independent Shareholders in relation to the Continuing Connected Transactions. An EGM will be convened by the Company in which the Ordinary Resolutions will be proposed to the Independent Shareholders to approve (by way of poll) the Continuing Connected Transactions and the respective annual caps which the transactions shall not exceed. Cheung Kong and its

associates will be required to abstain from voting on the Ordinary Resolution to approve the Continuing Connected Transactions under the Cheung Kong Supply Agreement and the relevant cap. HIL and its associates will be required to abstain from voting on the Ordinary Resolution to approve the Continuing Connected Transactions under the HIL Supply Agreement and the relevant cap.

A circular containing, among other things, (1) further information on the Continuing Connected Transactions; (2) the recommendation of the Independent Board Committee to the Independent Shareholders; (3) the advice from an independent financial adviser to the Independent Board Committee; and (4) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

1. THE CONTINUING CONNECTED TRANSACTIONS

A. *The Cheung Kong Supply Agreement*

Date: 29 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 1 January 2003 and expire on 31 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.

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 31 December 2003 – HK\$6,800,000
- (ii) For the year ending 31 December 2004 – HK\$17,700,000
- (iii) For the year ending 31 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 Company estimates that the value of the Products provided to or through the Cheung Kong Group from 1 January 2003 up to the date of this announcement amounts to approximately HK\$42,000, and projects that the value of the Products provided or to be provided to or through the Cheung Kong Group from 1 January 2003 up to the expected date of the EGM will amount to approximately HK\$47,000.

B. The HIL Supply Agreement

Date: 29 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 1 May 2003 and expire on 31 December 2005

Goods provided: the Products

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 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 31 December 2003 – HK\$15,130,000
 - (ii) For the year ending 31 December 2004 – HK\$97,700,000
 - (iii) For the year ending 31 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 31 December 2003 – HK\$4,401,000

- (ii) For the year ending 31 December 2004 – HK\$18,955,000
- (iii) For the year ending 31 December 2005 – HK\$42,540,000

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

2. 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. 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.

3. CONTINUING CONNECTED TRANSACTIONS AND APPROVAL OF THE INDEPENDENT SHAREHOLDERS

Relationship with Cheung Kong and HIL

As at the date of this announcement, (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.

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 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. 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 31 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	16,000,000	98,000,000	235,000,000
	(b) the value of the Sales Related Payments payable by the Group	5,000,000	19,000,000	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;
- (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 that 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 (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.

4. EGM

An EGM will be convened at which the Ordinary Resolutions will be proposed to approve the Continuing Connected Transactions and the proposed annual caps mentioned above. Cheung Kong and its associates will be required to abstain from

voting at the EGM in respect of the Ordinary Resolution to approve the Continuing Connected Transactions and the relevant caps under the Cheung Kong Supply Agreement. HIL and its associates will be required to abstain from voting on the Ordinary Resolution to approve the Continuing Connected Transactions and the relevant caps under the HIL Supply Agreement.

An Independent Board Committee will be 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. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the terms of the Continuing Connected Transactions.

A circular containing, among other things, further information on the Continuing Connected Transactions, the recommendation of the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

5. GENERAL

The principal activity of the Company is investment holding. The Group is engaged in identifying needs and developing revolutionary biotechnology solutions for the improvement of human health and environmental sustainability. The Group focuses on development of patent-protected products which provide new and improved solutions in sustainable land and water use, disease prevention and treatment, nutritional balance and skin care. Its work primarily involves the application of scientifically advanced methods and processes by which selected microbes, particularly yeasts, with undiscovered potential are activated and acclimatised to perform specific functions in either the human body or the natural environment.

6. TERMS USED IN THIS ANNOUNCEMENT

“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“Board”	the board of directors of the Company
“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	the conditional agreement dated 29 August 2003 between

Agreement”	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 “The Cheung Kong Supply Agreement” under the section headed “The Continuing Connected Transactions” in this announcement
“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 the 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 item 1 of this announcement
“Directors”	the directors 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
“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 29 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” in this announcement
“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 of Directors consisting of 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
“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
“Products”	the health food and dietary supplement products, including but not limited to those marketed under the trademark VitaGain TM ; the eco-agricultural products, including but not limited to the fertiliser products marketed under the trademark NutriSmart TM and the animal feed additives marketed under the trademark AgiPro TM ; the bioremediation products for treatments of environmental pollutants, including but not limited to those marketed under the trademark WonderTreat TM ; 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 member 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
“Shareholders”	holder of shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning as ascribed thereto in the Companies Ordinance (Cap 32 of the Laws of Hong Kong)

“Supply Agreements” the Cheung Kong Supply Agreement and the HIL Supply Agreement

By Order of the Board
CK Life Sciences Int’l., (Holdings) Inc.
Eirene Yeung
Company Secretary

Hong Kong, 29 August 2003

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