



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

(incorporated in the Cayman Islands with limited liability)

Restoring Freshness to Nature
Bringing Quality to **Life**



First Quarter Report

2004

This first quarter report 2004 (in both English and Chinese versions) (“Q1 Report”) 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, Summary Half-year Report (where applicable), Quarter Report, notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Q1 Report.

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 Q1 Report posted on the Company’s website will promptly upon request be sent the Q1 Report 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 Q1 Report since both languages are bound together into one booklet.

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM 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.

This document, 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 document 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 document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Chairman's Statement

Expansion Through Diversification

Financial Highlights

I am pleased to report that CK Life Sciences Int'l., (Holdings) Inc. and its subsidiaries ("CK Life Sciences" or the "Group") recorded an unaudited turnover of HK\$17,527,000 in the first quarter ended 31 March 2004, representing an increase of 231% over that of the HK\$5,295,000 recorded in the corresponding quarter of last year.

The unaudited profit attributable to shareholders for the quarter amounted to HK\$372,000, demonstrating an increase of 64% over the HK\$227,000 recorded in the corresponding quarter of last year.

HK\$'000	Q1 of 2004	Q1 of 2003	Percentage Increase
Turnover	17,527	5,295	231%
Profit attributable to shareholders	372	227	64%

During the period under review, the total sales of fertilizer amounted to HK\$15,771,000, representing an increase of 198% over the HK\$5,295,000 recorded in the same period last year. Strategic plans have been implemented to facilitate the Group's business expansion and to accelerate development and market penetration in targeted markets, in particular, China.

The Board of Directors has not declared any dividend for the period under review.

Business Progress

CK Life Sciences' first quarter performance marks a promising beginning for the 2004 financial year. During this period, the Group has made rapid progress in R&D, product commercialization and corporate expansion. Following the Group's well-versed pattern and leveraging on its established business and R&D platform, CK Life Sciences looks forward to making further achievements this year.

Chairman's Statement (Cont'd)

A New Horizon in Immunity Research

The relationship between immunity and health is a close one. CK Life Sciences has selected immunity as its main research focus and has allocated substantial resources to conducting studies on how to regulate the immune system. So far, results have been very encouraging.

The Group has conducted collaborative studies on immunity together with a number of internationally renowned research institutes. Findings have demonstrated that the Group's inventions deliver significant and positive impact on enhancing immune performance, thereby reinforcing the Group's stature in the field of immunology. During the period under review, the following research findings were announced:

Joint Research with Beijing Experts

In a joint research project conducted with Professor Xu Rong Kun, Professor of Physiology, and his colleagues at the Peking Union Medical College in the PRC, immune-suppressed mice were fed with CK Life Sciences' product. After 17 days, the phagocytic index of macrophage in the mice increased five-fold. The capability of enhancing immunity under a suppressed environment is testimony to the product's effectiveness.

Research Conducted by The Chinese University of Hong Kong

In an anti-cancer study conducted by The Chinese University of Hong Kong, the Group's product was fed to mice for 14 days and results indicated that the cytokine secretion of the mice increased by about 50% to 70%. Cytokines are small biological factors released by cells that deliver messages to different immune cells. They have specific regulatory effects on cell functions and are important elements in immunity regulation.

Research Conducted in CK Life Sciences' R&D Laboratory

Scientists of CK Life Sciences have also carried out a series of in-vitro studies in their laboratory where peripheral blood mononuclear cells were isolated from humans and incubated with a concentration of the Group's product. Results showed that certain kinds of cytokines were induced, even in the presence of very low doses.

Chairman's Statement (Cont'd)

Research Collaboration with Harvard Medical School

A joint study was conducted with the Partners AIDS Research Center at Massachusetts General Hospital, the largest teaching hospital of Harvard Medical School. CK Life Sciences' product was shown to induce a double-digit increase in the secretion of TNF-alpha (a cytokine) by immune cells in the blood samples of both HIV+ and HIV- (i.e. healthy) individuals, thereby enhancing the performance of the immune cells. The results therefore revealed that the product not only has immuno-modulating effects in the blood samples of healthy individuals, but also in the blood samples of AIDS patients, indicating its potential extensive applications.

These studies verify the broad application of the Group's unique immunity R&D platform, as well as demonstrate the effectiveness of the products in modulating immune performance.

More Nutraceuticals to be Launched

Findings from recent studies have affirmed the effectiveness and applicability of the Group's immunity research. Based on this immunity R&D platform, a series of nutraceutical products aimed at enhancing immunity have been developed and marketed under the VitaGain™ brand. The Group will launch effective strategies to develop the immuno-enhancing product market, one that has great growth potential.

During the period, the Group launched "VitaGain™ for Daily Immunity". Based on the theory that the chances of infection can be minimized by enhancing immunity, this product is designed for people with high pressure jobs or minor ailments, patients recovering from sickness and those who need to maintain optimal health at all times.

CK Life Sciences has developed and launched two categories of nutraceutical products: one designed to help healthy individuals meet the challenges of everyday life and decrease their chances of infection. "VitaGain™ for Daily Immunity" belongs to this group. The second aims at addressing specific ailments. "VitaGain™ Pre-Cold & Flu Formula" and "VitaGain™ Nasal Allergy Relief" are examples in this category. Other products for specific ailments will soon be launched.

Chairman's Statement (Cont'd)

Strategic Acquisitions Enhance Business Development

CK Life Sciences has developed a two-pronged strategy for rapid business growth. On the one hand, the Group will embark on initiatives to speed up sales and launch new products; while on the other hand, it will accelerate its pace of expansion through strategic acquisitions. The Group will identify synergistic acquisition targets that will complement its R&D and market expansion plans to drive growth.

The Group made three acquisitions in the first quarter of 2004, strengthening its capability in vertical integration:

Acquisition of Fertilizer Distribution Network in China

The Group and its Mainland partner, Nanjing Red Sun Co Ltd, committed over RMB100 million to two cooperation initiatives. The first initiative involved the acquisition of a vast distribution network spanning over 470 distribution points across the entire province of Jiangsu. The second involved the setting up of a fertilizer plant to facilitate an increase in fertilizer production.

Investment in Australian Fertilizer Company – Fertico

The Group purchased a 60% stake in Fertico Pty Limited, a fertilizer company in South Australia specializing in the production and distribution of organic fertilizers and home gardening products. The company has an extensive distribution network and comprehensive production facilities. The acquisition of Fertico is expected to be a catalyst for the Group's development in the fertilizer market by:

- facilitating penetration in the organic food sector;
- tapping into the home garden market;
- accelerating market penetration through local manufacturing.

Chairman's Statement (Cont'd)

Investment in Australian Water Treatment Plant – AquaTower

Together with Cheung Kong Infrastructure Holdings Limited, the Group acquired interests in AquaTower Pty Ltd, the exclusive potable water supplier for four regional towns in Victoria, Australia. With a 51% stake, the project represents the Group's first step in the Australian water treatment business. Investment in the water treatment sector can accelerate the Group's development in bioremediation business and enhance its operations.

Prospects

Looking forward, the Group will continue to progress along the following strategic directions:

The Group will continue to partner with internationally renowned institutions to conduct collaborative studies on health-related products. Results on research programmes will be collated and announced when completed. The research progress will speed up the development pace of health-related products and accelerate the Group's R&D timetable.

In existing markets, the Group will expedite sales of launched products and thereby strengthen its overall profit base.

The Group will further boost its capability in vertical integration by cooperating with or investing in businesses which can create synergy with CK Life Sciences' existing operations. This strategy is expected to facilitate expansion of the Group's scale of operations in product research, sales and marketing, and manufacturing. With strong support from different sectors, vertical integration will give the Group flexibility to adjust its mode of operation to suit the demands of different target markets, and accelerate its rate of expansion. The Group is actively seeking acquisition and business development opportunities to achieve this aim.

Concurrent Vertical and Horizontal Integration to Strengthen Depth and Breadth

This is the Group's seventh quarter since listing. Over the past year or so, the Group's strong sales foundation has been established and its achievements in R&D continuously affirmed. Products with shorter development cycles have been launched according to plan, contributing to revenue and providing resources for research in products with a longer development lead time.

Chairman's Statement (Cont'd)

The Group's main strategy will be to leverage on its ample resources to expand sales, conduct research and development, and make investments and acquisitions. Sales and financial investments will widen the Group's revenue base, while research and acquisitions will expand its product portfolio. The Group's growth roadmap features sales and investments that will enhance its short term prospects, and acquisitions that will boost its intermediate prospects, while innovative R&D will be the long term growth sustaining power. This three-pronged development strategy will enable the Group to simultaneously integrate its business both vertically and horizontally, thereby strengthening the depth and breadth of CK Life Sciences for future growth.

The Group will embark on a multi-faceted and diversified development plan and it is envisaged that the speed of development will surpass that of other biotechnology companies. The prospects are promising.

Acknowledgements

The Group's achievements in the first quarter of this year would not have materialized without the hard work and dedication of the entire staff and the cooperation of our business partners. On behalf of the Board of Directors, I would like to express my heartfelt gratitude to everyone who has contributed to the Group's achievements. I am convinced that with the same determination and vigor, the Group will continue its pace of rapid development, striving towards greater prosperity.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 6 May 2004

Unaudited Consolidated Results

	Notes	Three months ended 31 March	
		2004 HK\$'000	2003 HK\$'000
Turnover	2	17,527	5,295
Cost of sales		(15,033)	(3,882)
Gross profit		2,494	1,413
Other revenue	3	49,698	51,987
Staff costs	4	(26,252)	(26,084)
Depreciation		(5,245)	(5,029)
Amortization of intangible assets		(811)	(690)
Other operating expenses		(19,474)	(21,394)
Profit from operations		410	203
Share of results of associates		1	(15)
Profit before taxation		411	188
Taxation	5	–	–
Profit after taxation		411	188
Minority interests		(39)	39
Profit attributable to shareholders		372	227
Earnings per share	6		
– basic		0.006 cent	0.004 cent
– diluted		0.006 cent	N/A

Unaudited Consolidated Results (Cont'd)

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 accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 December 2003.

2. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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 contributions and recruitment costs for the period under review amount to HK\$31,706,000 (2003: HK\$29,208,000) of which HK\$5,454,000 (2003: HK\$3,124,000) relating to development activities was capitalized.

5. Taxation

No provision for Hong Kong profits tax has been made as there was no assessable profit for the three months ended 31 March 2004 (2003: Nil)

No deferred tax asset has been recognized in respect of the tax losses as it is not possible to predict the trend of future profits to determine the amount of available tax losses to be utilized.

Unaudited Consolidated Results (Cont'd)

6. Earnings per share

The calculations of the basic and diluted earnings per share are based on the following data:

	2004 HK\$'000	2003 HK\$'000
Profit for the period		
Profit for calculating basic and diluted earnings per share	372	227
Number of shares		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	6,407,120,684	6,407,000,000
Effect of dilutive potential ordinary shares	1,858,229	N/A
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	6,408,978,913	N/A

No diluted earnings per share is presented for the three months ended 31 March 2003 because the exercise prices for the Company's two lots of outstanding share options were 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.

7. Dividend

No dividend has been declared by the Board of Directors for the three months ended 31 March 2004 (2003: Nil).

Unaudited Consolidated Results (Cont'd)

8. Movements of reserves

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
2003					
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)
Revaluation surplus 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
2004					
At 1 January 2004	2,391,707	63,948	350	(283,392)	2,172,613
Shares issued under share option scheme	478	-	-	-	478
Surplus on revaluation of investments in securities	-	84,394	-	-	84,394
Exchange difference on translation of financial statements of overseas operations	-	-	(82)	-	(82)
Profit for the three months ended 31 March 2004	-	-	-	372	372
At 31 March 2004	2,392,185	148,342	268	(283,020)	2,257,775

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2004, 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 Securities and Futures Ordinance ("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 the Model Code on Securities Transactions by Directors adopted by the Company ("Model Code"), 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 & interest of child or spouse	1,500,700 (Note 2)	700 (Note 2)	-	-	1,500,700	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 3)	-	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	0.004%
Kwok Eva Lee	Beneficial owner	200,000	-	-	-	200,000	0.003%

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Notes:

1. 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 more than one-third of the issued share capital of Cheung Kong Holdings. 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 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 SFO.
2. Such interests comprise the same block of 700 shares jointly held by Dr. Pang Shiu Fun and his wife.
3. Such shares are held by a company wholly-owned by Mr. Kwan Chiu Yin, Robert.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

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

Pursuant to the share option scheme adopted by the Company on 26 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 31 March 2004 were as follows:

Name of Director	Date of grant	Number of share options				Outstanding as at 31 March 2004	Option period	Subscription price per share HK\$
		Outstanding as at 1 January 2004	Granted during the period	Exercised during the period	Cancelled/lapsed during the period			
Yu Ying Choi,	30/9/2002	310,000	-	-	-	310,000	30/9/2003 - 29/9/2012	1.598
Alan Abel	27/1/2003	690,000	-	-	-	690,000	27/1/2004 - 26/1/2013	1.446
	19/1/2004	-	690,000	-	-	690,000	19/1/2005 - 18/1/2014	1.762
Pang Shiu Fun	30/9/2002	310,000	-	-	-	310,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	690,000	-	-	-	690,000	27/1/2004 - 26/1/2013	1.446
	19/1/2004	-	690,000	-	-	690,000	19/1/2005 - 18/1/2014	1.762
Chu Kee Hung	30/9/2002	310,000	-	-	-	310,000	30/9/2003 - 29/9/2012	1.598
	27/1/2003	690,000	-	-	-	690,000	27/1/2004 - 26/1/2013	1.446
	19/1/2004	-	690,000	-	-	690,000	19/1/2005 - 18/1/2014	1.762
Lam Hing Chau,	30/9/2002	222,000	-	-	-	222,000	30/9/2003 - 29/9/2012	1.598
Leon	27/1/2003	480,000	-	-	-	480,000	27/1/2004 - 26/1/2013	1.446
	19/1/2004	-	480,000	-	-	480,000	19/1/2005 - 18/1/2014	1.762

Save as disclosed above, during the three months ended 31 March 2004, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 31 March 2004, 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 the Model Code.

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 2004, options to subscribe for an aggregate of 22,854,400 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:

Date of grant	Number of share options					Outstanding as at 31 March 2004	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2004	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
30/9/2002	3,952,000	-	34,500	12,400	-	3,905,100	30/9/2003 - 29/9/2012 (Note 1)	1.598
27/1/2003	9,146,000	-	317,100	39,600	-	8,789,300	27/1/2004 - 26/1/2013 (Note 2)	1.446
19/1/2004	-	10,160,000	-	-	-	10,160,000	19/1/2005 - 18/1/2014 (Note 3)	1.762

Details of Options Granted by the Company (Cont'd)

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 31 March 2004 were as follows:

Date of grant	Number of share options					Outstanding as at 31 March 2004	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2004	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
30/9/2002	316,000	-	-	-	-	316,000	30/9/2003 - 29/9/2012 (Note 1)	1.598
27/1/2003	580,000	-	-	-	-	580,000	27/1/2004 - 26/1/2013 (Note 2)	1.446
19/1/2004	-	580,000	-	-	-	580,000	19/1/2005 - 18/1/2014 (Note 3)	1.762

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.

Details of Options Granted by the Company (Cont'd)

3. The options are exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 19 January 2005;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 19 January 2006; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 19 January 2007.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Director or chief executive of the Company, as at 31 March 2004, 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)	73.35%

Interests and Short Positions of Shareholders Discloseable under the SFO (Cont'd)

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

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
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 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 SFO.
- 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 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 Holdings. 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 Holdings 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 the Company in which Tangiers and Cheung Kong Holdings 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 Holdings 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".

Save as disclosed above, as at 31 March 2004, 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Competing Interests

During the three months ended 31 March 2004, 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
Pang Shiu Fun	Cheung Kong (Holdings) Limited	Shareholder
	Hutchison Whampoa Limited	Shareholder
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.

Other Information

Sponsor's Interests

Pursuant to a sponsor's agreement dated 3 July 2002 between the Company and Citigroup Global Markets Asia Limited ("Citigroup"), Citigroup 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 Citigroup, as at 31 March 2004, neither Citigroup, 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 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 2004.

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 2004, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.