

**CK LIFE SCIENCES INTERNATIONAL (HOLDINGS) INCORPORATED:
WHO SAID PLUTOCRACY WAS DEAD ?**

One has to hand it to Mr Li Ka Shing, the Chairman of Cheung Kong (Holdings) Ltd (Code: 1, Main Board, The Stock Exchange of Hongkong Ltd) and the richest man who ever lived on this earth, when he does something, he does in a grand and very opulent style.

From his simple beginnings as a plastic flower merchant, today, Mr Li Ka Shing, who is an honorary doctor, 8 times over, must be earning upwards of \$HK150,000 per hour, asleep or awake.

And, when Mr Li Ka Shing backs a scheme, one can bet dollars to donuts (as the Yanks used to say), that The Great Man supports that project with the full power of his being – and his massive bank account, also.

All this, and more, is made only too apparent on reading the Prospectus of CK Life Sciences International (Holdings) Incorporated, now popularly known as Stock Code Number 8222, The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

According to Placing and Offer Prospectus of CK Life Sciences, published on July 4, 2002, Mr Li Ka Shing, directly and indirectly, was owed about \$HK522 million by this start-up Company.

Mr Li Ka Shing did not expect, ever, to get this money returned to him – that is only too clear on reading the Prospectus, also – so he merely capitalised it as at June 17, 2002.

There are very few people in this world, today, who can just assign a one half a billion-dollar loan and accept corporate '*paper*' in return, '*paper*' that may or may not, one day, have some value.

And the '*paper*' that he accepted for his hard-earned cash was that of CK Life Sciences, which has yet to turn a dime in profits – and it may never earn its keep, in fact.

However, the flotation of CK Life Sciences must be considered the biggest success story of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for more than a decade.

It has been a long cold winter for HKSAR investors, but, on the publication of the Prospectus of this Company, they appeared to be willing to plonk, somewhere in the region of \$HK50 billion on the table, taking a chance on a Li Ka Shing company – with a 2-year history of substantial losses.

The investing public and institutional players subscribed for shares in this loss-maker to the tune of more than 100 times the number of shares on Offer.

It was a rip-roaring success by anybody's count, preliminary to the actual listing on The GEM.

The only reason that so many shares were requested by the HKSAR investing public/institutions was due to the perceived magic of The Great Man, himself: Mr Li (the cash) Ka Shing.

This Company Offered 1,307,000,000, 10-cent Shares at a Premium of \$HK1.90 per Share and it Placed another tranche of 1,176,300,000, 10-cent Shares, also at a Premium of \$HK1.90 per share.

The net proceeds from this exercise, amounting to about \$HK2,484,000,000, will be used as follows:

1. \$HK850 million for research and development;
2. \$HK250 million for the expansion of manufacturing facilities;
3. \$HK350 million for market development and brand building;
4. \$HK500 million for future investments in other businesses; and,
5. \$HK534 million for General Working Capital.

(The above calculation of the usage of the cash proceeds from this flotation did not take into consideration any over-allotment of shares. Such an over-allotment would boost the net proceeds by another \$HK310 million, which would be used as the Company saw fit, for this or for that.)

The Business

According to Page 56 of the Prospectus, CK Life Sciences is *'engaged in the research and development, commercialisation, marketing and sale of biotechnology products ... the Group aims to become a world-class global biotechnology company, providing solutions to pressing and universal problems concerning the environment and human health ...'*

The introduction to this Company, then, continues:

'The five markets on which the Group's products and product development are focused are eco-agriculture, bioremediation, pharmaceuticals, nutraceuticals and dermatologicals.

'Sales of NutriSmart, a range of environmentally friendly fertilisers, have commenced in Australia, Myanmar and Thailand and pre-sales trials have commenced in Indonesia, the Netherlands, the Philippines, Taiwan, the United States and Vietnam. Pre-sale trials are being arranged for WonderTreat, a range of bioremediation products, in Australia, Canada, Hong Kong, Taiwan and the United States. Pre-sale trials are also being arranged for AgiPro, a range of animal feed additives, in Taiwan ...

'... Since January 2000, the Group has independently developed 108 product applications, 27 of which were the subject of granted patents and patent applications as at the Latest Practicable Date...'

Since CK Life Sciences was founded, the Company has racked up major losses

The following table is self-explanatory and shows how The Great Man's major HKSAR, publicly listed companies have performed, over the past few years, in terms of their respective share prices:

	Share Price as at July 14, 2000	Share Price as at July 15, 2002
Hutchison Harbour Ring Ltd (Code: 715, Main Board)	\$HK1.32	52 cents
Hutchison Whampoa Ltd (Code: 13, Main Board)	\$HK119.00	\$HK60.25
Pacific Century CyberWorks Ltd (Code: 8, Main Board)	\$HK17.80	\$HK1.79
Cheung Kong (Holdings) Ltd (Code: 1, Main Board)	\$HK96.25	\$HK66.50
Pacific Century Insurance Holdings Ltd (Code: 65, Main Board)	\$HK2.60	\$HK1.68
Cheung Kong Infrastructure Holdings Ltd (Code: 1038, Main Board)	\$HK12.95	\$HK12.70
tom.com Ltd (Code: 8001, The GEM)	\$HK5.60	\$HK3.375

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