



Healthy Strides  
Sustained Growth



**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)

Half-year Report 2005

This half-year report 2005 (in both English and Chinese versions) ("Half-year 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 Half-year 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 Half-year Report posted on the Company's website will promptly upon request be sent the Half-year 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 46th 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 Half-year 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 is 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

## Great Strides in R&D Sustained Growth on All Fronts

I am glad to report that CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Group") has continued to record substantial and steady growth on all fronts as compared with the same period of last year. Profit and sales have more than doubled as existing operations have grown organically. New R&D breakthroughs and milestones have been recorded, especially in the area of cancer treatment. Three strategic acquisitions have been completed and will start making contributions to the Group in the second half of the year. A sustainable revenue model is firmly in place to ensure adequate funds will be available to take our R&D to completion. We are very optimistic of achieving success as an international biotechnology company.

## Step Financial Growth Rate Recorded

HK\$'000	Half-year of 2005	Half-year of 2004	Increase/Decrease (%)
<b>Sales revenue</b>	155,038	47,563	226
<b>Investment proceeds</b>	74,198	77,828	(5)
<b>Total revenue</b>	229,236	125,391	83
<b>Operating profit</b>	6,555	1,627	303
<b>Profit attributable to shareholders</b>	3,296	838	293

Sales revenue reached HK\$155 million, surging by over 2 times as compared with the corresponding period last year. Total revenue amounted to HK\$229 million, representing an increase of 83% over the same period last year, while profit attributable to shareholders reached HK\$3.3 million approximately, up by about 3 times over last year.

The Board of Directors has not declared any interim dividend for the period under review. Our retained earnings have not yet reached the stage of distributing profits.

## Chairman's Statement (Cont'd)

### Growth Momentum to Continue

Through our three pillars of revenue generation, we expect to achieve continued growth.

#### (1) Sales Revenue Upward Trend Continues

In our Human Health business, our nutraceutical product portfolio has been widened, contributing to an 8-fold growth in sales over the same period of last year.

In the arena of Environmental business, our eco-fertilizer and related products have been increasingly adopted in 13 countries to date, resulting in sales 3 times that of last year.

It is expected that both the Human Health and Environmental businesses will increase rapidly as our market penetration, market size and product diversification are extended.

#### (2) Acquisitions Add Revenue Streams

In May, CK Life Sciences acquired the largest natural health product company in Québec, Canada – Développement Santé Naturelle A.G. Ltée – to expand the scope of our business to North America and enhance our product range.

Our fertilizer business will be strengthened by two strategic acquisitions: Envirogreen Pty Limited, the second largest home garden product supplier in Australia; and Nuturf Australia Pty Ltd, the largest turf management product distributor in Australia. Completions for both of these acquisitions have taken place in the beginning of August.

With these acquisitions adding three steady revenue streams to the Group, our sales and profits will be further enhanced. As a major growth strategy, we will aggressively seek more acquisitions to boost our revenue channels.

#### (3) Investment Income Makes Revenue Contribution

What differentiates CK Life Sciences from other biotechnology companies is our unique capability to generate meaningful revenue through steady investment income. Substantial contribution from this sector is set to continue.

## Chairman's Statement (Cont'd)

### Exceptional R&D Capability Points to Promising Future

As a biotechnology company, our R&D achievements are the measure of our success. It is comforting to know that our pace of development surpasses the industry norm. We currently hold a total of 33 patents and patent approved notices of allowance, an achievement deemed a rarity amongst young biotechnology companies around the world. Based on our unique immunity enhancement treatment platform, we have carried out pre-clinical and clinical studies in conjunction with over 20 renowned universities and research institutes across the world, spanning Hong Kong, Mainland China, the United States, Canada and Australia in the areas of cancer, AIDS and immuno-enhancing research. Results so far have been affirmative.

### Milestones in Cancer Treatment R&D

During the second quarter of the year, 8 pharmaceutical inventions were granted patent approved notices of allowance by the US Patent and Trademark Office. Of these, 4 were anti-cancer products – those for colorectal cancer, cervical cancer, lung cancer and testicular cancer. It is believed that this marks the first time a private biotechnology company in Hong Kong has been awarded patents for anti-cancer pharmaceuticals.

Pre-clinical studies conducted in conjunction with some of the leading research institutes in the world indicate that our anti-cancer products are capable of preventing the proliferation of cancer cells and reducing the volume of tumours.

Clinical studies conducted with The University of Hong Kong and The Chinese University of Hong Kong on colorectal cancer, lung cancer, breast cancer and prostate cancer are underway. Further clinical studies have been lined up with other distinguished universities from around the world.

### Unique Biotech Business Model Drives Continued Growth

The Group has successfully devised a sustainable revenue model to act as a funding engine so that our full research potential can be realized. This is an effective way to overcome the most common problem faced by young biotechnology companies around the world, namely, to have sufficient funding to bring R&D to fruition. Encompassing sales income from our product portfolio, acquisitions that expand and accelerate our profit growth, and treasury income, this sustainable model provides adequate funding support to take the R&D of our blockbuster products to the final stage of development. It is this edge that raises the Group's success rate, expedites the R&D progress, and accelerates our vision of becoming a leading international biotechnology operation. All the necessary qualities and ingredients are in place.

## Chairman's Statement (Cont'd)

### Prospects

Looking ahead, organic business growth is expected to continue. Our recent acquisitions will start contributing profit and more acquisition opportunities will be explored. We are very optimistic about our R&D achievements and expect to continuously report new developments on this front. Our business model enables us to sustain research works until our products are fully commercialized. With every reason to be confident about the future, we believe in an excellent chance of achieving breakthrough success and becoming a leading biotechnology player on the world stage.

CK Life Sciences is committed to forging new ground for biotechnology. Our business is growing rapidly and our R&D is making exciting progress. All of this would not be possible without the guidance from our Directors, the vision of our management and the dedication and hard work of our colleagues at CK Life Sciences — for this, I give my sincerest thanks. We will continue to stride forward, as we aspire to even greater achievements.

**Li Tzar Kuoi, Victor**

Chairman

Hong Kong, 11 August 2005

# Financial Review

## Financial resources, liquidity and treasury policies

As at 30 June 2005, the Group was in a strong and healthy liquidity position. A net positive cash inflow HK\$132,949,000 was recorded for the period, with the main contribution from financing activities. Total bank balances and cash amounted to HK\$575,799,000, which is 30% more than the same as of 31 December 2004. Current ratio, which is based on total current assets of HK\$1,054,117,000 to the total current liabilities of HK\$261,687,000, was about 4 to 1.

Total liabilities of the Group, comprising mainly bank loans and trade payables, amounted to HK\$657,452,000 at the end of the first half year. As compared with the end of 2004, the total bank loans for the period were substantially increased by about 4.3 times to HK\$428,830,000. These loans were raised mainly for financing the acquisition of a Canadian subsidiary company as well as the daily operation of some overseas subsidiaries. As a consequence of the increase in bank borrowings, the gearing ratio, which is total external borrowings over total equity, was increased to 0.16. The net asset value of the Group was 0.44 per share.

For the enhancement of corporate governance, the Group has adopted a set of guidelines and policies which set down certain investment criteria and risk exposure limits in respect of its treasury investment activities. As all of the financial instruments of the Group are denominated in either US dollars or Hong Kong dollars, the currency exposure on the treasury investments is minimal. As at 30 June 2005, the total market value of financial instruments was HK\$1,554,178,000 while the total investment income for the half year was HK\$102,324,000.

The Group has been continuing its expansion and acquisition of business overseas. In order to minimize its foreign exchange exposure on its overseas investments, the Group hedges such investments, where possible, with the appropriate level of borrowings denominated in the relevant foreign currencies.

## Charge on Group Assets

The assets of some overseas subsidiaries with the carrying value of HK\$67,552,000 as at 30 June 2005 were pledged as part of the collateral to secure bank and other loans.

## Material acquisitions/disposals and significant investments

In May 2005, the Group had completed its acquisition of a Canadian nutraceutical company, Développement Santé Naturelle A.G. Ltée. The total consideration for the acquisition was CAD53,950,000.

In June 2005, the Company announced its acquisition of Envirogreen Pty Limited, an Australian company which specializes in horticultural products, at a consideration of AUD18,300,000. The related circular was distributed to shareholders on 29 July 2005 and the acquisition was completed on 5 August 2005.

## Financial Review (Cont'd)

On 29 July 2005, the Company also made an announcement regarding the acquisition of Nuturf Australia Pty Ltd at a consideration of AUD7,200,000. This Australian company mainly specializes in the distribution of turf management products and provision of the related services. The acquisition was completed on 4 August 2005 and the related circular will be sent to shareholders later.

Other than aforementioned, there were no other material acquisitions which would have been required to be disclosed under the GEM Listing Rules.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK\$46,719,000 for the first half of the year under review.

### **Capital commitments and future plans for material investments or capital assets**

As of 30 June 2005, the total capital commitments by the Group amounted to HK\$7,125,000 which were mainly made up of contracted commitments in respect of the acquisition of laboratory, instrument, plant and equipment.

### **Information on employees**

The Group had a total number of 602 full-time employees at the end of June 2005, an increase of 247 headcount as compared to the same period of 2004. The additional headcount was mainly due to the quick expansion of the business overseas, particularly in China and North America. The total staff costs, including directors' emoluments, amounted to approximately HK\$65,218,000 for the half year under review.

The Group's remuneration policies are determined by reference to market terms and the performance, qualifications and experience of individual employee. The compensation package includes base salary, discretionary bonus, retirement plan, and medical benefits. A Remuneration Committee comprising Chairman of the Board and two independent non-executive directors was set up with one of the main responsibilities/powers to review and to make recommendations to the Board about the Group's remuneration policies for all the Directors and senior management.

### **Contingent liabilities**

The Group did not have any significant contingent liabilities as at 30 June 2005 (2004: Nil).

# Condensed Consolidated Income Statement

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
Turnover	2	<b>124,567</b>	67,163	<b>229,236</b>	125,391
Costs of sales		<b>(66,112)</b>	(23,650)	<b>(124,362)</b>	(38,683)
Other income	3	<b>22,607</b>	17,642	<b>35,137</b>	26,639
Staff costs	4	<b>(35,661)</b>	(24,146)	<b>(65,218)</b>	(50,398)
Depreciation		<b>(6,869)</b>	(6,740)	<b>(13,471)</b>	(11,985)
Amortization of intangible assets		<b>(834)</b>	(1,268)	<b>(1,581)</b>	(2,079)
Other operating expenses		<b>(33,654)</b>	(27,784)	<b>(53,186)</b>	(47,258)
Profit from operations		<b>4,044</b>	1,217	<b>6,555</b>	1,627
Finance costs		<b>(3,365)</b>	(1,159)	<b>(5,234)</b>	(1,159)
Share of results of associates		<b>4,254</b>	47	<b>4,803</b>	48
Profit before taxation		<b>4,933</b>	105	<b>6,124</b>	516
Taxation	5	<b>(2,080)</b>	–	<b>(2,621)</b>	–
Profit for the period		<b>2,853</b>	105	<b>3,503</b>	516
Attributable to:					
Equity holders of the parent		<b>2,720</b>	466	<b>3,296</b>	838
Minority interests		<b>133</b>	(361)	<b>207</b>	(322)
		<b>2,853</b>	105	<b>3,503</b>	516
Earnings per share	6				
– basic		<b>0.042 cent</b>	0.007 cent	<b>0.051 cent</b>	0.013 cent
– diluted		<b>N/A</b>	N/A	<b>N/A</b>	0.013 cent

# Condensed Consolidated Balance Sheet

	Notes	<b>As at 30 June 2005 (unaudited) HK\$'000</b>	As at 31 December 2004 (audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets	8	<b>341,122</b>	335,535
Lease premium for land		<b>40,239</b>	40,718
Intangible assets	9	<b>542,499</b>	171,967
Interests in associates		<b>30,805</b>	27,585
Financial assets		<b>1,264,924</b>	1,523,840
Other investments		<b>195,841</b>	211,166
		<b>2,415,430</b>	2,310,811
<b>Current assets</b>			
Financial assets		<b>89,832</b>	97,795
Other investments		<b>30,176</b>	29,387
Inventories		<b>72,955</b>	41,484
Receivables and prepayments	10	<b>285,355</b>	140,480
Bank balances and cash		<b>575,799</b>	442,850
		<b>1,054,117</b>	751,996
<b>Current liabilities</b>			
Payables and accruals	10	<b>(145,472)</b>	(112,946)
Finance lease obligations		<b>(443)</b>	(371)
Bank loans	11	<b>(96,924)</b>	(20,368)
Other loan		<b>(13,532)</b>	(13,737)
Taxation		<b>(5,316)</b>	(2,174)
		<b>(261,687)</b>	(149,596)
<b>Net current assets</b>		<b>792,430</b>	602,400
<b>Total assets less current liabilities</b>		<b>3,207,860</b>	2,913,211

## Condensed Consolidated Balance Sheet (Cont'd)

	Notes	As at 30 June 2005 (unaudited) HK\$'000	As at 31 December 2004 (audited) HK\$'000
<b>Non-current liabilities</b>			
Finance leases obligations		(1,174)	(621)
Bank loans	11	(331,906)	(60,217)
Loan from a minority shareholder		(36,079)	(7,239)
Financial liabilities		(26,595)	–
Deferred taxation		(11)	(146)
		<b>(395,765)</b>	(68,223)
<b>Total net assets</b>		<b>2,812,095</b>	2,844,988
<b>Capital and reserves</b>			
Share capital	12	640,738	640,738
Share premium and reserves		2,121,867	2,154,967
		<b>2,762,605</b>	2,795,705
<b>Minority interests</b>		<b>49,490</b>	49,283
<b>Total equity</b>		<b>2,812,095</b>	2,844,988

# Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent						Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Accumulated losses HK\$'000			
<b>2004</b>									
At 1 January 2004	640,703	2,391,707	63,948	350	-	(283,392)	2,813,316	121	2,813,437
Prior year adjustment	-	-	-	-	1,666	(1,666)	-	-	-
Balance as at 1 January 2004 restated	640,703	2,391,707	63,948	350	1,666	(285,058)	2,813,316	121	2,813,437
Share issued under share option scheme	35	478	-	-	-	-	513	-	513
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-	72,223	72,223
Realized on disposal/ redemption of financial instruments	-	-	(49,019)	-	-	-	(49,019)	-	(49,019)
Surplus on revaluation of financial instruments	-	-	35,823	-	-	-	35,823	-	35,823
Exchange difference on translation of financial statements of overseas operations	-	-	-	613	-	-	613	-	613
Profit for the period	-	-	-	-	-	838	838	(322)	516
At 30 June 2004	640,738	2,392,185	50,752	963	1,666	(284,220)	2,802,084	72,022	2,874,106
<b>2005</b>									
At 1 January 2005	640,738	2,392,185	42,295	1,950	-	(281,463)	2,795,705	49,283	2,844,988
Prior year adjustment	-	-	-	-	7,563	(7,563)	-	-	-
Effect of initial adoption of HKAS 39	-	-	-	-	-	(420)	(420)	-	(420)
Balance as at 1 January 2005 restated	640,738	2,392,185	42,295	1,950	7,563	(289,446)	2,795,285	49,283	2,844,568
Realized on disposal/ redemption of financial instruments	-	-	(23,481)	-	-	-	(23,481)	-	(23,481)
Deficits on revaluation of financial instruments	-	-	(12,158)	-	-	-	(12,158)	-	(12,158)
Employees' share options benefits	-	-	-	-	1,080	-	1,080	-	1,080
Exchange difference on translation of financial statements of overseas operations	-	-	-	(1,417)	-	-	(1,417)	-	(1,417)
Profit for the period	-	-	-	-	-	3,296	3,296	207	3,503
At 30 June 2005	640,738	2,392,185	6,656	533	8,643	(286,150)	2,762,605	49,490	2,812,095

# Condensed Consolidated Cash Flow Statement

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2005</b>	2004
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(133,954)</b>	(177,187)
Net cash inflow/(outflow) from investing activities	<b>(89,044)</b>	134,313
Net cash inflow from financing activities	<b>355,947</b>	44,332
Increase in cash and cash equivalents	<b>132,949</b>	1,458
Cash and cash equivalents at beginning of the period	<b>442,850</b>	240,258
Cash and cash equivalents at end of the period	<b>575,799</b>	241,716

# Notes to Condensed Consolidated Financial Statements

## 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 financial instruments.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") herein collectively referred to as HKFRSs which are generally effective for accounting periods beginning on or after 1 January 2005.

As mentioned in the 2004 Annual Report, the Group has already early adopted HKFRS 3 "Business Combination", HKAS 36 "Impairment of Assets" and HKAS 38 "Intangible Assets" for its financial year ended 31 December 2004.

For the period ended 30 June 2005, the adoption of the other remaining HKFRSs has no material impact on the results of the Group except for the following:

- HKFRS 2 "Share-based Payment"
- HKAS 32 "Financial Instruments: Disclosure and Presentation" and
- HKAS 39 "Financial Instruments: Recognition and Measurement".

In accordance with HKFRS 2, the share options granted by the Company after 7 November 2002 and had not yet vested on 1 January 2005 are measured at fair value at the date of grant and recognized as expenses over the vesting period with the corresponding credit to an employee share-based compensation reserve under equity.

With the adoption of HKFRS 2 retrospectively from 1 January 2005, the accumulated losses for each of the two years as at 1 January 2005 and 2004 have been adjusted upward by HK\$7,563,000 and HK\$1,666,000 respectively. The profit attributable to shareholders has been decreased by HK\$1,080,000 for the period ended 30 June 2005 and HK\$5,897,000 for the year ended 31 December 2004. The adjustment of the said HK\$5,897,000 will be reflected in the prior year comparative figure in the full-year financial results for 2005.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

In accordance with HKAS 32 and HKAS 39, financial instruments of the Group have been re-classified as either available-for-sale or fair value through profit or loss. Change in fair value of an available-for-sale financial instrument would be recognized directly in investment revaluation reserve while such change for a financial instrument at fair value through profit or loss would be recognized in the income statement. The adoption of HKAS 32 and HKAS39 prospectively has resulted in the increase in the accumulated losses of the Group by HK\$420,000 as at 1 January 2005 and a decrease in the profit attributable to shareholders by HK\$1,105,000 for the period ended 30 June 2005.

### 2. Turnover and segment information

Turnover represents the net invoiced value of goods sold, after allowance for returns and trade discount as well as income from investment, and is analysed as follows:

#### A. Segment turnover

An analysis of the business segment turnover is as follows:

	For the six months ended	
	30 June	
	2005	2004
	HK\$'000	HK\$'000
Environment	133,641	45,215
Health	21,397	2,348
Investment	74,198	77,828
	<b>229,236</b>	125,391

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### B. Segment results

An analysis of the business segment results is as follows:

	For the six months ended	
	30 June	
	2005	2004
	HK\$'000	HK\$'000
Environment	(19,042)	(24,724)
Health	(9,164)	(10,430)
Investment	101,946	100,180
	<b>73,740</b>	65,026
Other income	–	4,287
Business development expenditure	(15,643)	(15,928)
Research and development expenditure	(12,932)	(13,542)
Corporate expenses	(38,610)	(38,216)
Profit from operation	<b>6,555</b>	1,627
Finance costs	(5,234)	(1,159)
Share of results of associates	<b>4,803</b>	48
Profit before taxation	<b>6,124</b>	516
Taxation	(2,621)	–
Profit for the period	<b>3,503</b>	516

### 3. Other income

Other revenue mainly comprises income from bank deposits, gain on disposal of financial instruments and fair value changes on financial instruments.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 4. Staff costs

Staff costs which include salaries, bonuses, equity-settled share-based payment, retirement benefit scheme contribution and recruitment costs for the three months and six months ended 30 June 2005 respectively amounted to HK\$42,006,000 (2004: HK\$29,600,000) and HK\$77,689,000 (2004: HK\$61,616,000) of which HK\$6,345,000 (2004: HK\$5,454,000) and HK\$12,471,000 (2004: HK\$11,218,000) relating to development activities were capitalized.

### 5. Taxation

	For the six months ended	
	30 June	
	2005	2004
	HK\$'000	HK\$'000
<b>Overseas</b>		
Current tax	1,014	–
Deferred tax	25	–
Share of taxation of associates	1,582	–
	2,621	–

No provision for Hong Kong Profits Tax was made as there was no assessable profit for the three months and the six months respectively ended 30 June 2005 as well as the corresponding last periods.

No deferred tax assets 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.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 6. Earnings per share

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

	For the three months ended 30 June		For the six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
<b>Profit for the period</b>				
Profit for calculating basic and diluted earnings per share	2,720	466	3,296	838
<b>Number of shares</b>				
Weighted average number of ordinary shares used in the calculation of basic earnings per share	6,407,381,600	6,407,381,600	6,407,381,600	6,407,251,142
Effect of dilutive potential ordinary shares	N/A	N/A	N/A	1,111,944
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	N/A	N/A	N/A	6,408,363,086

No diluted earnings per share is presented for the three months and six months ended 30 June 2005 because the exercise prices for the Company's three 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.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 7. Dividend

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2005 (2004: Nil).

### 8. Fixed assets

	<b>Building</b>	<b>Building</b>	<b>Laboratory</b>	<b>Furniture,</b>	
	<b>construction</b>	<b>under</b>	<b>instruments,</b>	<b>fixtures and</b>	
	<b>HK\$'000</b>	<b>construction</b>	<b>plant and</b>	<b>other assets</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>equipment</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost or valuation					
At 1 January 2005	72,366	15,052	281,700	49,164	418,282
Additions	457	13,579	2,884	497	17,417
Acquisition of subsidiary	1,513	–	2,745	1,850	6,108
<b>At 30 June 2005</b>	<b>74,336</b>	<b>28,631</b>	<b>287,329</b>	<b>51,511</b>	<b>441,807</b>
Accumulated depreciation					
At 1 January 2005	3,252	–	51,031	28,464	82,747
Provided for the period	866	–	12,992	4,080	17,938
<b>At 30 June 2005</b>	<b>4,118</b>	<b>–</b>	<b>64,023</b>	<b>32,544</b>	<b>100,685</b>
Net book value					
<b>At 30 June 2005</b>	<b>70,218</b>	<b>28,631</b>	<b>223,306</b>	<b>18,967</b>	<b>341,122</b>
At 31 December 2004	69,114	15,052	230,669	20,700	335,535

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 9. Intangible assets

	Development			
	costs	Patents	Goodwill	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost				
At 1 January 2005	133,876	10,242	34,215	178,333
Additions	27,072	1,099	–	28,171
Acquisition of subsidiary	–	–	343,942	343,942
<b>At 30 June 2005</b>	<b>160,948</b>	<b>11,341</b>	<b>378,157</b>	<b>550,446</b>
Amortization				
At 1 January 2005	5,540	826	–	6,366
Provided for the period	1,380	201	–	1,581
<b>At 30 June 2005</b>	<b>6,920</b>	<b>1,027</b>	<b>–</b>	<b>7,947</b>
Net book value				
<b>At 30 June 2005</b>	<b>154,028</b>	<b>10,314</b>	<b>378,157</b>	<b>542,499</b>
At 31 December 2004	128,336	9,416	34,215	171,967

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 10. Receivables and payables

The Group has a policy of allowing an average credit period of 90 days to its customers. Aging analyses of trade debtors and trade creditors are as follows:

	<b>As at 30 June 2005 HK\$'000</b>	As at 31 December 2004 HK\$'000
<b>Trade debtors</b>		
0 – 90 days	<b>83,278</b>	44,121
> 90 days	<b>1,453</b>	1,651
	<b>84,731</b>	45,772
<b>Trade creditors</b>		
0 – 90 days	<b>68,595</b>	22,673
> 90 days	<b>4,213</b>	1,281
	<b>72,808</b>	23,954

### 11. Bank loans

Certain bank loans are secured by a fixed and floating charge over the assets of subsidiary companies.

### 12. Share capital

	<b>Number of shares of HK\$0.10 each '000</b>	<b>Nominal value HK\$'000</b>
<b>Authorized</b>		
At 31 December 2004 and 30 June 2005	15,000,000	1,500,000
<b>Issued and fully paid</b>		
At 31 December 2004 and 30 June 2005	6,407,382	640,738

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

As at 30 June 2005, 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%
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.

## 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 30 June 2005 were as follows:

Name of Director	Date of grant	Number of share options				Outstanding as at 30 June 2005	Option period	Subscription price per share HK\$
		Outstanding as at 1 January 2005	Granted during the period	Exercised during the period	Cancelled/lapsed during the period			
Yu Ying Choi, Alan Abel	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
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, Leon	30/9/2002	222,000	-	-	-	222,000	30/9/2003 - 29/9/2012	1.598
	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 six months ended 30 June 2005, 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 chief executive of the Company had, as at 30 June 2005, 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 30 June 2005, options to subscribe for an aggregate of 20,308,000 shares of the Company granted to certain continuous contract employees (including the Executive Directors of the Company as disclosed above and the management shareholder as disclosed below) pursuant to the Share Option Scheme were outstanding, details of which were as follows:

Date of grant	Number of share options					Outstanding as at 30 June 2005	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2005	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
30/9/2002	3,660,500	-	-	152,000	-	3,508,500	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	8,185,500	-	-	330,000	-	7,855,500	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	9,404,000	-	-	460,000	-	8,944,000	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 30 June 2005 were as follows:

Date of grant	Number of share options					Outstanding as at 30 June 2005	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2005	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:

- The options are exercisable from 30 September 2003 to 29 September 2012 (both days inclusive) subject to the following vesting period:
  - up to 35% of the options commencing on 30 September 2003;
  - 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
  - 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.
- The options are exercisable from 27 January 2004 to 26 January 2013 (both days inclusive) subject to the following vesting period:
  - up to 35% of the options commencing on 27 January 2004;
  - 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
  - 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.
- The options are exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting period:
  - up to 35% of the options commencing on 19 January 2005;
  - 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
  - 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

So far as is known to any Director or chief executive of the Company, as at 30 June 2005, 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 (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 30 June 2005, 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 six months ended 30 June 2005, 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 (the "Competing Business") as required to be disclosed pursuant to the GEM Listing Rules were as follows:

## (1) Core business activities of the Group

- (i) Research and development, commercialization, marketing and sale of biotechnology products.
- (ii) Investments in financial instruments/products.

## (2) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note 2)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director and Deputy Chairman (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Chairman (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director (Note 1)	(ii)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director	(ii)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Executive Director	(ii)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(i) & (ii)
	TOM Group Limited	Non-executive Director	(ii)
	CATIC International Holdings Limited	Non-executive Director	(ii)
	Excel Technology International Holdings Limited	Non-executive Director	(ii)
	Hanny Holdings Limited	Non-executive Director	(ii)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(ii)

## Competing Interests (Cont'd)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note 2)
Pang Shiu Fun	Cheung Kong (Holdings) Limited	Shareholder of listed shares	(ii)
	Hutchison Whampoa Limited	Shareholder of listed shares	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Shareholder of listed shares	(i) & (ii)
	TOM Group Limited	Shareholder of listed shares	(ii)
Wong Yue-chim, Richard	Great Eagle Holdings Limited	Independent Non-executive Director	(ii)
	Orient Overseas (International) Limited	Independent Non-executive Director	(ii)
Kwok Eva Lee	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)
	Shoppers Drug Mart Corporation	Independent Director	(i)
Colin Stevens Russel	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)

Name of Management Shareholder	Name of Company	Nature of Interest	Competing Business (Note 2)
Li Ka-shing	Cheung Kong (Holdings) Limited	Chairman (Note 1)	(ii)
	Hutchison Whampoa Limited	Chairman (Note 1)	(i) & (ii)

Notes:

1. Apart from holding the directorships, 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 such companies where appropriate.
2. Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

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, either directly or indirectly, with the businesses of the Group.

# Other Information

## Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Code on CG Practices") throughout the six months ended 30 June 2005.

### (1) Board Composition and Board Practices

The Board of Directors of the Company ("Board") is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board comprises a total of eleven Directors, with seven Executive Directors, one Non-executive Director and three Independent Non-executive Directors. More than one of the Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise as required by the GEM Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association and the Code on CG Practices.

The positions of the Chairman of the Board ("Chairman") and the Chief Executive Officer are held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. Apart from regular Board meetings, the Chairman has meetings with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary and the Compliance Officer are also directly responsible for the Group's compliance with the continuing obligations of the GEM Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.

## Other Information (Cont'd)

### (2) Model Code on Securities Transactions by Directors

The Company has adopted the model code on securities transactions by directors of listed issuers set out in Chapter 5 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions effective 31 March 2004. Enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2005.

### (3) Audit Committee

The Company established an audit committee ("Audit Committee") on 26 June 2002 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee of the Company comprises three Independent Non-executive Directors, namely, Professor Wong Yue-chim, Richard (Chairman of the Audit Committee), Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

The Group's half-year report for the six months ended 30 June 2005 has been reviewed by the Audit Committee.

### (4) Remuneration Committee

According to the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 1 January 2005 with a majority of the members thereof being independent non-executive directors. The existing Remuneration Committee comprises the Chairman of the Company, Mr. Li Tzar Kuoi, Victor (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel.

The principal responsibilities of the Remuneration Committee include the making of recommendations to the Board on the Company's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

## **Other Information (Cont'd)**

### **(5) Investor Relations and Communication with Shareholders**

The Company has established different communication channels with shareholders and investors: (i) apart from printed copies of financial reports, circulars, notices of general meetings and proxy forms required under the GEM Listing Rules, shareholders can select to receive such documents by electronic means; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group are available on the website of the Company; (iv) the Company's website offers communication channel between the Company and its shareholders and investors; (v) press conferences are set up from time to time on updated performance information of the Group; and (vi) the Company's Branch Share Registrar serves the shareholders respecting share registration matters.

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

During the six months ended 30 June 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

# Corporate Information

## Board of Directors

### Executive Directors

LI Tzar Kuoi, Victor

*Chairman*

KAM Hing Lam

*President and Chief Executive Officer*

IP Tak Chuen, Edmond

*Senior Vice President and Chief Investment Officer*

YU Ying Choi, Alan Abel

*Vice President and Chief Operating Officer*

PANG Shiu Fun

*Vice President and Chief Technology Officer*

CHU Kee Hung

*Vice President and Chief Production Officer*

LAM Hing Chau, Leon

*Vice President and Chief Financial Officer*

### Non-executive Directors

Peter Peace TULLOCH

*Non-executive Director*

WONG Yue-chim, Richard

*Independent Non-executive Director*

KWOK Eva Lee

*Independent Non-executive Director*

Colin Stevens RUSSEL

*Independent Non-executive Director*

## Company Secretary

Eirene YEUNG

## Qualified Accountant

LAM Hing Chau, Leon

## Compliance Officer

LAM Hing Chau, Leon

## Audit Committee

WONG Yue-chim, Richard

*Chairman*

KWOK Eva Lee

Colin Stevens RUSSEL

## Remuneration Committee

LI Tzar Kuoi, Victor

*Chairman*

KWOK Eva Lee

Colin Stevens RUSSEL

## Authorized Representatives

IP Tak Chuen, Edmond

Eirene YEUNG

## Auditors

Deloitte Touche Tohmatsu

## Corporate Information (Cont'd)

### Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited

JP Morgan International Bank

Canadian Imperial Bank of Commerce

### Solicitors

Woo, Kwan, Lee & Lo

### Registered Office

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

### Head Office

2 Dai Fu Street

Tai Po Industrial Estate

Tai Po

Hong Kong

### Principal Place of Business

7th Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

### Principal Share Registrar and Transfer Office

Butterfield Bank (Cayman) Limited

Butterfield House

68 Fort Street, P.O. Box 705

George Town

Grand Cayman

Cayman Islands

### Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor  
Services Limited

Rooms 1712 – 1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Hong Kong

### Internet Address

<http://www.ck-lifesciences.com>