



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)

First Quarter Report 2005

This first quarter report 2005 (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 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 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

### Strong Organic Growth Sturdy Foundation for Success

The first quarter marks a promising beginning to the 2005 fiscal year for CK Life Sciences Int'l., (Holdings) Inc. and its subsidiaries ("CK Life Sciences" or the "Group"). Significant and rapid progress was made in the Group's business development during the first quarter. Sales revenue has soared to HK\$62 million, increased by 2.5 times compared with that of the corresponding period last year. Our global expansion plans are well underway, with the Group's reach now extending to Canada. Strong organic growth has also been recorded in our environmental and health businesses. Steady business growth and our defined expansion strategy will become the key driving forces behind CK Life Sciences' growth momentum.

### Financial Highlights — Sales Revenue Surges 2.5 Times

HK\$'000	The First Quarter Results		
	2005	2004	Increase (%)
<b>Sales revenue</b>	62,186	17,527	254.8
<b>Investment proceeds</b>	42,483	40,701	4.4
<b>Total revenue</b>	104,669	58,228	79.8
<b>Profit attributable to shareholders</b>	576	372	54.8

I am pleased to announce that the Group's sales revenue reached HK\$62 million during the first quarter ended 31 March 2005, a surge of 2.5 times over the HK\$18 million recorded in the same quarter of 2004. For the quarter under review, investment proceeds reached HK\$42 million, representing a 4.4% increase over the same period of last year. Combining both our sales revenue and investment proceeds, the Group's total revenue in the first quarter of 2005 amounted to HK\$105 million, representing a 79.8% increase over the HK\$58 million recorded last year. The unaudited profit attributable to shareholders for the quarter under review was HK\$580,000, demonstrating an increase of 54.8% over the HK\$370,000 recorded in the corresponding quarter of last year.

The Board of Directors has not declared any dividend for the period under review (2004: Nil).

## Chairman's Statement (Cont'd)

### Operational Progress

#### (1) Environmental Business

During the period under review, the Group appointed Sumitomo Corporation ("Sumitomo"), one of the largest enterprises in Japan with a diversified portfolio of business, as the exclusive distributor of NutriSmart® eco-fertilizer in Japan. Sumitomo plans to invest substantial resources to market NutriSmart® to Japan's rice farming and the "specially grown" premium produce sectors.

We have also introduced our unique eco-agriculture technology to South Korea through a technology transfer initiative with Jinsan T&C Corporation. The technology has been widely adopted by farmers across different regions of South Korea.

#### (2) Human Health Business

Another new product of the Group's VitaGain® series, VitaGain® CNS (唯健®免疫素「腦清晰配方」), was launched during the first quarter. Further launch of new products is expected to widen the market segments and potential covered by VitaGain®.

#### (3) Intellectual Property

During the period under review, four patent notices of allowance were granted – one for the Group's pharmaceutical invention, and three for our bioremediation solutions. This takes our total number of patents and patent notices of allowance to 25.

Our progress in patent application has been good. CK Life Sciences' patent portfolio has become more comprehensive and extensive, ranging from eco-fertilizer and bioremediation to health and pharmaceutical solutions. The sustained growth of the Group's intellectual property portfolio is testimony of our strong R&D capabilities and diversified product pipeline.

#### (4) Business Acquisition

The Group has recently signed a sales and purchase agreement for the acquisition of Développement Santé Naturelle A.G. Ltée ("AG") – a Canadian natural health product provider – to extend our nutraceutical business overseas.

AG is the fifth largest provider of natural health products in Canada and the largest in Quebec. With a solid revenue and profit base, AG will become an additional steady source of earnings for the Group. Our nutraceutical portfolio will also be augmented by AG's comprehensive range of products and our operational scale in the health arena will be significantly expanded.

## Chairman's Statement (Cont'd)

One of our key strategies is to accelerate the pace of global expansion of the Group's health-related business. The acquisition of AG is our first initiative in this direction this year and represents a crucial step in our overall expansion strategy. Upon completion of the transaction, the Group will leverage on AG's understanding of the North American market and product expertise to accelerate the growth of our nutraceutical business.

### Prospects

Cases of environmental pollution and crises, as well as the occurrence of highly contagious diseases continue to be frequently reported. As environmental and health problems escalate, the need and demand for effective solutions is on the rise. This macro-environment is poised to bring significant opportunities for the Group's future growth. Looking ahead, we will leverage on our buoyant start to the first quarter and expedite our organic business growth. We expect to continue this trend of business development and look forward to other growth opportunities.

### Acknowledgements

I am pleased to see the Group's expansion strategy effectively implemented and brisk improvements in our financials. Such encouraging progress can be attributed to our experienced Board of Directors, management and dedicated staff. Their professional contribution has enabled the Group to develop rapidly within a relatively short period of time. As we enter the second quarter of 2005, I and the entire staff at CK Life Sciences will continue to work hard to reap the best returns for the Group.

**Li Tzar Kuoi, Victor**

Chairman

Hong Kong, 13 May 2005

# Unaudited Consolidated Results

	Notes	Three months ended	
		31 March	
		2005	2004
		HK\$'000	HK\$'000
Turnover	2	<b>104,669</b>	58,228
Cost of sales		<b>(58,250)</b>	(15,033)
Other income	3	<b>12,530</b>	8,997
Staff costs	4	<b>(29,557)</b>	(26,252)
Depreciation		<b>(6,602)</b>	(5,245)
Amortization of intangible assets		<b>(747)</b>	(811)
Other operating expenses		<b>(19,532)</b>	(19,474)
Profit from operations		<b>2,511</b>	410
Finance costs		<b>(1,869)</b>	–
Share of results of associates		<b>549</b>	1
Profit before taxation		<b>1,191</b>	411
Taxation	5	<b>(541)</b>	–
Profit for the period		<b>650</b>	411
Attributable to:			
Equity shareholders of the parent		<b>576</b>	372
Minority interests		<b>74</b>	39
		<b>650</b>	411
Earnings per share	6		
– basic		<b>0.009 cent</b>	0.006 cent
– diluted		<b>N/A</b>	0.006 cent

## 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 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 31 March 2005, the adoption of the other remaining HKFRSs has no material impact on the results of the Group except 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 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\$512,000 for the period ended 31 March 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.



## Unaudited Consolidated Results (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 HKAS 39 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\$4,008,000 for the period ended 31 March 2005.

### 2. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts as well as income from investments, and is analysed as follows:

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
Environment	<b>60,364</b>	15,884
Health	<b>1,822</b>	1,643
Investment	<b>42,483</b>	40,701
	<b>104,669</b>	58,228

### 3. Other income

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

## Unaudited Consolidated Results (Cont'd)

### 4. Staff costs

Staff costs which include salaries, bonuses, equity-settled share-based payment, retirement benefit scheme contributions and recruitment costs for the period under review amount to HK\$35,683,000 (2004: HK\$31,706,000) of which HK\$6,126,000 (2004: HK\$5,454,000) relating to development activities was capitalized.

### 5. Taxation

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
Current tax	<b>56</b>	–
Deferred tax	<b>156</b>	–
Share of taxation of associates	<b>329</b>	–
	<b>541</b>	–

No provision for Hong Kong profits tax has been made as there was no assessable profit for the three months ended 31 March 2005 (2004: 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:

	<b>2005</b> <b>HK\$'000</b>	2004 HK\$'000
<b>Profit for the period</b>		
Profit for calculating basic and diluted earnings per share	<b>576</b>	372
<b>Number of shares</b>		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>6,407,381,600</b>	6,407,120,684
Effect of dilutive potential ordinary shares	<b>N/A</b>	1,858,229
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<b>N/A</b>	6,408,978,913

No diluted earnings per share is presented for the three months ended 31 March 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.

### 7. Dividend

No dividend has been declared by the Board of Directors for the three months ended 31 March 2005 (2004: Nil).

## Unaudited Consolidated Results (Cont'd)

### 8. Movements of reserves

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>2004</b>						
At 1 January 2004	2,391,707	63,948	350	–	(283,392)	2,172,613
Prior year adjustment	–	–	–	1,666	(1,666)	–
Balance as at						
1 January 2004 restated	2,391,707	63,948	350	1,666	(285,058)	2,172,613
Shares issued under share option scheme	478	–	–	–	–	478
Surplus on revaluation of financial instruments	–	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	1,666	(284,686)	2,257,775
<b>2005</b>						
At 1 January 2005	2,392,185	42,295	1,950	–	(281,463)	2,154,967
Prior year adjustment	–	–	–	7,563	(7,983)	(420)
Balance as at 1 January 2005 restated	2,392,185	42,295	1,950	7,563	(289,446)	2,154,547
Realized on disposal/redemption of financial instruments	–	(11,815)	–	–	–	(11,815)
Loss on revaluation of financial instruments	–	(28,589)	–	–	–	(28,589)
Employees' share options benefits	–	–	–	512	–	512
Exchange difference on translation of financial statements of overseas operations	–	–	(183)	–	–	(183)
Profit for the three months ended 31 March 2005	–	–	–	–	576	576
At 31 March 2005	2,392,185	1,891	1,767	8,075	(288,870)	2,115,048

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

As at 31 March 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%
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:

- 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.
- Such interests comprise the same block of 700 shares jointly held by Dr. Pang Shiu Fun and his wife.
- Such shares are held by a company wholly-owned by Mr. Kwan Chiu Yin, Robert.

### (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 2005 were as follows:

Name of Director	Date of grant	Number of share options					Subscription price per share HK\$	
		Outstanding as at 1 January 2005	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31 March 2005		
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

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

Name of Director	Date of grant	Number of share options				Outstanding as at 31 March 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			
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 three months ended 31 March 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 31 March 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 31 March 2005, options to subscribe for an aggregate of 21,148,000 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 31 March 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	-	-	18,000	-	3,642,500	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	8,185,500	-	-	40,000	-	8,145,500	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	9,404,000	-	-	44,000	-	9,360,000	19/1/2005 – 18/1/2014 (Note 3)	1.762

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 2005 were as follows:

Date of grant	Number of share options					Outstanding as at 31 March 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



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

### 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.
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

So far as is known to any Director or chief executive of the Company, as at 31 March 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 31 March 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 three months ended 31 March 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 Kuoj, 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)	(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)	(ii)
	Hongkong Electric Holdings Limited	Executive Director	(ii)

## Competing Interests (Cont'd)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note 2)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Executive Director	(ii)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(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)
Pang Shiu Fun	Cheung Kong (Holdings) Limited	Shareholder	(ii)
	Hutchison Whampoa Limited	Shareholder	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Shareholder	(ii)
	TOM Group Limited	Shareholder	(ii)
Kwan Chiu Yin, Robert	Cheung Kong (Holdings) Limited	Independent Non-executive Director	(ii)
	Pak Fah Yeow International Limited	Independent Non-executive Director	(i) & (ii)
	Melco International Development Limited	Independent Non-executive Director	(ii)
	Shun Tak Holdings Limited	Independent Non-executive Director	(ii)
Kwok Eva Lee	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(ii)
	Shoppers Drug Mart Corporation	Independent Director	(i)
Colin Stevens Russel	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(ii)

## Competing Interests (Cont'd)

### 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

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

During the three months ended 31 March 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### 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 to certain extent 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").

#### (1) Board Composition and Board Practices

The Board of Directors ("Board") of the Company 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 of the Company comprises a total of eleven Directors, with seven Executive Directors, one Non-executive Director and three Independent Non-executive Directors. More than one of them have appropriate professional qualifications, or accounting or related financial management expertise. 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 full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group. Apart from regular Board meetings, the Chairman shall hold 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 fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.

## Other Information (Cont'd)

The Company has adopted the Model Code set out in Chapter 5 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions effective 31 March 2004.

### (2) 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 Auditors of the Company.

The Group's first quarter report for the three months ended 31 March 2005 has been reviewed by the Audit Committee.

### (3) 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 making recommendations to the Board on the Company's policy and structure for all 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.

### (4) Investor Relations and Communication with Shareholders

The Company establishes different communication channels with shareholders and investors: (i) apart from printed copies of corporate communication, shareholders can select to receive corporate information 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 serve the shareholders respecting all share registration matters.



# 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

KWAN Chiu Yin, Robert\*

*Independent Non-executive Director*

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

KWAN Chiu Yin, Robert\*

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

\* Resigned on 7 April 2005

## 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>