



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)

(Stock Code: 0775)

SCIENCE FOR LIFE

INTERIM REPORT 2009



PHARMACEUTICALS



AGRICULTURE



NUTRACEUTICALS

This interim report 2009 (in both English and Chinese versions) (“Interim Report”) has been posted on the Company’s website at <http://www.ck-lifesciences.com>. Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to annual reports, summary financial reports (where applicable), interim reports, summary interim reports (where applicable), notices of meetings, listing documents, circulars and proxy forms) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing or by email at cklife.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will upon request in writing or by email at cklife.ecom@computershare.com.hk promptly be sent the Interim 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 communications by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or sending a notice to cklife.ecom@computershare.com.hk.

Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of this Interim Report since both languages are bound together into one booklet.

CONTENTS

2	Chairman's Statement
4	Directors' Biographical Information
8	Financial Review
10	Condensed Consolidated Income Statement
11	Condensed Consolidated Statement of Comprehensive Income
12	Condensed Consolidated Statement of Financial Position
14	Condensed Consolidated Statement of Changes in Equity
15	Condensed Consolidated Statement of Cash Flows
16	Notes to Condensed Consolidated Financial Statements
25	Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures
27	Details of Options Granted by the Company
29	Interests and Short Positions of Shareholders
31	Corporate Governance
34	Other Information
35	Corporate Information and Key Date

For the first half of 2009, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") recorded profit attributable to shareholders of HK\$256.5 million, compared to HK\$8.3 million recorded during the same period in 2008.

<u>HK\$ Million</u>	<u>1H 2009</u>	<u>1H 2008</u>	<u>Variation</u>
Profit attributable to shareholders	256.5	8.3	+2,990%
Fair value changes on financial instruments	184.4	(54.5)	N/A
Profit before fair value changes on financial instruments	72.1	62.8	+15%

The large increase in profit for the first half of 2009 over 2008 is attributed to the posting of a HK\$184.4 million gain in fair value changes on financial instruments during the period under review, as compared to a loss of HK\$54.5 million for the same period last year.

Should the impact of mark-to-market changes be excluded, profit before fair value changes on financial instruments would have been HK\$72.1 million for the first half of 2009. As compared to the corresponding amount of HK\$62.8 million in the same period last year, this is a 15% increase, reflecting the result of the streamlining of operations, efficiency enhancement, cost control measures, as well as reduction of finance charges during the period under review.

The Board of Directors has not declared any interim dividend for the period under review (2008: Nil).

ENCOURAGING PROGRESS IN R&D

For the period under review, the Company continued to record steady progress with regard to R&D initiatives.

Advancements have been made in the Phase III clinical trials under Health Canada for CK Life Sciences' tetradotoxin-based pain management product. The patient recruitment process continued to make good progress.

For the Company's melanoma vaccine, the R&D team is working towards the commencement of Phase III clinical trials, following a successful pre-Investigational New Drug meeting with the US FDA last year. The manufacturing of the melanoma vaccine for the clinical trials is progressing steadily.

At the pre-clinical stage, CK Life Sciences has identified two cancer projects for further development and studies are now ongoing in collaboration with Cedars-Sinai Medical Center – University of California at Los Angeles, as well as contract research organisations.

STEADY PERFORMANCE OF NUTRACEUTICAL BUSINESS

During the first half, the Company's nutraceutical businesses in Canada, the US and Australia performed satisfactorily. Total sales from the Company's health division amounted to nearly HK\$1 billion. On a local currency basis, the sales performance was in line with expectations. However, when the sales figures were converted into Hong Kong dollars, a decrease of 6% was recorded as compared with the same period last year due to the lower conversion rates of Australian and Canadian dollars against the Hong Kong dollar. The swine flu epidemic, which started to raise attention in the second quarter, has led to increased interest in health and demand for natural health supplements.

FOREIGN EXCHANGE AND PRICING AFFECTED AGRICULTURE BUSINESS

The Company's agriculture-related businesses recorded revenue of around HK\$345 million during the first half of 2009, a reduction of 38% when compared with the same period last year. The decrease can be attributed to changes in the exchange rate of the Australian dollar and in world commodity prices. Despite the decreased sales reported, the fundamentals of the business remain sound and demand for the Company's products remains strong.

GOING FORWARD

While there have been signs of improvement in the global financial situation during the first half of 2009, a full recovery in the overall business environment may take some time.

Despite the uncertainty of the future macro-economic conditions, the Company's fundamentals are well in place through consolidation of its businesses. The 2009 first half results demonstrated that CK Life Sciences' businesses are performing well.

The Company will continue to streamline its existing operations, through cost cutting and efficiency enhancement measures, in order to enhance margins and boost growth.

I would like to take this opportunity to thank our shareholders, Board of Directors and staff for the continued support of the Company.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 3 August 2009



DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 45, has been the Chairman of the Company since April 2002 and the Chairman of the Remuneration Committee of the Company since March 2005. He is the Managing Director and Deputy Chairman of Cheung Kong (Holdings) Limited. He is also the Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited, an Executive Director of Hongkong Electric Holdings Limited, Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited (“HSBC”). Except for HSBC, all the companies mentioned above are listed companies. Mr. Victor Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China. He is also a member of the Commission on Strategic Development, the Greater Pearl River Delta Business Council and the Council for Sustainable Development of the Hong Kong Special Administrative Region, and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree (Doctor of Laws, honoris causa (LL.D.)). Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), and a nephew of Mr. Kam Hing Lam, President and Chief Executive Officer of the Company. Mr. Victor Li is also a Director of certain companies which have interests in the 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. Mr. Victor Li also holds directorships in certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam

aged 62, is the President and Chief Executive Officer of the Company responsible for overall strategic direction and key operating decisions. He has been instrumental in the formation of the Group. He has been with the Group since its establishment in December 1999 and has played a leading role in developing the Group’s corporate direction and strategic vision, and in guiding the Group in pursuit of its corporate business and operational objectives. Mr. Kam is also a Deputy Managing Director of Cheung Kong (Holdings) Limited, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited, and a Non-executive Director of Spark Infrastructure Group. All the companies mentioned above are listed companies. He is a member of the 11th Beijing Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China. He holds a Bachelor of Science degree in Engineering and a Master’s degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Mr. Kam is also a Director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Kam also holds directorships in certain companies controlled by certain substantial shareholders of the Company.

IP Tak Chuen, Edmond

aged 57, is the Senior Vice President and Chief Investment Officer responsible for the investment activities of the Group. He joined the Cheung Kong Group in 1993 and the Group in December 1999. He is also a Deputy Managing Director of Cheung Kong (Holdings) Limited, Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and a Non-executive Director of TOM Group Limited, ARA Asset Management Limited, AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited), Excel Technology International Holdings Limited, The Ming An (Holdings) Company Limited and Shougang Concord International Enterprises Company Limited. All the companies mentioned above are listed companies. Mr. Ip is also a Director of ARA Asset Management (Singapore) Limited, the manager of Fortune Real Estate Investment Trust which is listed in Singapore and ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust which is listed in Singapore. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is also a Director of certain companies which have interests in the 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. Mr. Ip also holds directorships in certain companies controlled by certain substantial shareholders of the Company.

YU Ying Choi, Alan Abel

aged 54, is the Vice President and Chief Operating Officer of the Company responsible for the commercial activities of the Group, including manufacturing and marketing of all product applications. Mr. Yu is also a Director of Wex Pharmaceuticals Inc., a listed company. He holds a Bachelor of Arts degree and a Master's degree in Business Administration. Mr. Yu has held a number of positions in multinational corporations, including Standard Chartered Bank, Dairy Farm and American Express, in Hong Kong and overseas. Prior to joining the Group in January 2000, he was a Worldwide Vice President with Johnson & Johnson.

CHU Kee Hung

aged 64, is the Vice President and Chief Scientific Officer of the Company responsible for the technology and product development activities of the Group. Dr. Chu holds a Bachelor of Science from The Chinese University of Hong Kong, a Master of Science degree and a Doctor of Philosophy degree both from The University of California at Berkeley. He began working for the Group in January 2001. Prior to joining the Group, he has held a variety of senior positions in major corporations such as General Electric and the Cheung Kong Group, and has over 20 years' experience in technology project management in the United States, Mainland China and Hong Kong.

TULLOCH, Peter Peace

aged 65, serves as the Chairman and Non-executive Director of each of Powercor Australia Limited, CitiPower Pty and ETSA Utilities. He is also a Director of each of (i) Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust and (ii) Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust, both being substantial shareholders of the Company within the meaning of Part XV of the SFO. He also holds directorships in certain companies controlled by such substantial shareholders of the Company. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia. He was appointed a Non-executive Director of the Company in April 2002.

WONG Yue-chim, Richard, SBS, JP

aged 57, currently serves as Deputy Vice-Chancellor of The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both The Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong is also an Independent Non-executive Director of each of Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Pacific Century Premium Developments Limited, Orient Overseas (International) Limited and Sun Hung Kai Properties Limited, all being listed companies. Professor Wong is also an Independent Non-executive Director of The Link Management Limited, the manager of The Link Real Estate Investment Trust which is listed in Hong Kong. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He was appointed an Independent Non-executive Director of the Company in June 2002 and is the Chairman of the Audit Committee of the Company.

KWOK Eva Lee

aged 67, currently serves as the Chair and Chief Executive Officer of Amara International Investment Corporation ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc., an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). Mrs. Kwok currently sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc. and the Audit Committee of Cheung Kong Infrastructure Holdings Limited. Except for Amara and LKS Canada Foundation, all the companies mentioned above are listed companies. In addition, she was an Independent Director for Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company and the Corporate Governance Committee of Air Canada. Mrs. Kwok was appointed an Independent Non-executive Director of the Company in June 2002 and is a member of the Audit Committee and the Remuneration Committee of the Company.

RUSSEL, Colin Stevens

aged 68, is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. Mr. Russel also acts as the Managing Director of EMAS (HK) Limited. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and ARA Asset Management Limited, and a Non-executive Director of Husky Energy Inc., all being listed companies. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada. Mr. Russel was appointed an Independent Non-executive Director of the Company in January 2005 and is a member of the Audit Committee and the Remuneration Committee of the Company.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2009, the total assets of the Group were about HK\$6,700.9 million, of which bank balances and deposits were about HK\$437.6 million and treasury investments were about HK\$569.7 million. The bank interest generated for the first six months of 2009 was HK\$3.5 million. The net gain arising from the Group's investment segment for the period ended 30 June 2009 was HK\$206.9 million.

At the end of the period under review, the total liabilities were HK\$1,845.1 million, comprising total bank loans and overdrafts of HK\$1,054.9 million. These bank loans were raised for financing the acquisition of overseas subsidiaries as well as providing general working capital for some of the overseas subsidiaries. They are due for repayment by mid-2011. Total finance cost incurred for the six months ended 30 June 2009 was HK\$9.6 million. As at 30 June 2009, the Group's gearing ratio was approximately 13.1%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$437.6 million) over the equity attributable to equity holders of the Company. The net asset value of the Group was HK\$0.51 per share.

TREASURY POLICIES

The Group continues to adopt a prudent treasury policy and manage most of its treasury functions at the head office regarding its funding needs, foreign exchange and interest rate exposures.

Most of the Group's financial instruments are denominated in US and Hong Kong dollars and thus exchange rate risk associated with such investments is low. The Group's borrowings are principally on a floating rate basis. To minimise its interest rate risk, the Group has been regularly and closely monitoring its overall net debt position, and reviewing its funding costs and loan maturity profile so as to facilitate refinancing whenever appropriate.

CHARGE ON ASSETS

As at 30 June 2009, the Group's interests in certain subsidiary companies with carrying value of HK\$155.5 million were pledged as part of the security for a bank loan and overdraft totalling HK\$111.1 million granted to the subsidiary companies.

MATERIAL ACQUISITIONS/DISPOSALS AND SIGNIFICANT INVESTMENTS

In June 2009, the Group completed the disposal of a distribution division of an overseas subsidiary (the "Disposal"). The Disposal constitutes a discloseable transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and details of which are incorporated in the Company's announcement issued on 1 June 2009 and included in the note 7 to the condensed consolidated financial statements for the period ended 30 June 2009.

The Group has always been investing significantly in research and development activities. Such expenditure amounted to about HK\$28.2 million for the period ended 30 June 2009.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2009, the total capital commitments by the Group amounted to HK\$72,000 which were mainly made up of contracted commitments in respect of the acquisition of computers and equipments.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009.

INFORMATION ON EMPLOYEES

The total number of full-time employee of the Group was 1,123 as at 30 June 2009, and is 218 less than the total headcount of 1,341 in the same period of 2008. The total staff costs, including director's emoluments, amounted to approximately HK\$268.6 million for the six months ended 30 June 2009, which represents a decrease of 16% as compared to the same period of 2008. The decreases in headcount and staff costs were mainly due to the effective cost control of the Group. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2008.



CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Notes	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000 (Restated)
Turnover	3	1,320,246	1,594,980
Cost of sales		(894,666)	(1,091,829)
Other income, gains and losses	4	425,580	503,151
Staff costs	5	(158,011)	(172,666)
Depreciation		(14,046)	(13,463)
Amortisation of intangible assets		(22,793)	(25,161)
Other operating expenses		(174,015)	(183,755)
Finance costs		(9,602)	(45,640)
Share of results of associates		(6,777)	(4,045)
Profit before taxation		268,060	4,782
Taxation	6	(11,466)	3,018
Profit for the period		256,594	7,800
Attributable to:			
Equity holders of the Company		256,454	8,269
Non-controlling interests		140	(469)
		256,594	7,800
Earnings per share	8		
– Basic		2.67 cents	0.09 cent
– Diluted		2.67 cents	0.09 cent



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Profit for the period	256,594	7,800
Other comprehensive income		
Exchange difference arising from translation of overseas operations	214,158	47,071
Available-for-sale investments	157	–
Other investments	–	1,795
Other comprehensive income for the period	214,315	48,866
Total comprehensive income for the period	470,909	56,666
Total comprehensive income attributable to:		
Equity holders of the Company	470,769	57,135
Non-controlling interests	140	(469)
	470,909	56,666



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2009 (unaudited) HK\$'000	As at 31 December 2008 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	435,284	432,803
Prepaid lease for land		11,917	12,074
Intangible assets	11	3,789,598	3,722,997
Interests in associates		38,544	44,472
Convertible debentures issued by an associate		83,627	58,885
Available-for-sale investments		193,659	209,343
Investments at fair value through profit or loss		168,152	58,430
Deferred taxation		22,525	19,076
Long-term receivables	7	77,030	–
		4,820,336	4,558,080
Current assets			
Debt investment		60,704	59,474
Investments at fair value through profit or loss		109,807	139,351
Derivative financial instruments		37,353	15,780
Tax recoverable		4,977	3,629
Inventories		453,289	463,711
Receivables and prepayments	12	776,807	615,195
Deposit with financial institutions		7,269	44,952
Bank balances and deposits		430,345	303,554
		1,880,551	1,645,646
Current liabilities			
Payables and accruals	12	(619,265)	(588,995)
Derivative financial instruments		(72,663)	(99,398)
Bank overdrafts	13	(4,666)	(7,445)
Finance lease obligations		(442)	(494)
Taxation		(41,557)	(19,945)
		(738,593)	(716,277)
Net current assets		1,141,958	929,369
Total assets less current liabilities		5,962,294	5,487,449



**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONT'D)**

	Notes	As at 30 June 2009 (unaudited) HK\$'000	As at 31 December 2008 (audited) HK\$'000
Non-current liabilities			
Bank loans	13	(1,050,267)	(1,045,675)
Finance lease obligations		(1,075)	(1,108)
Loan from a non-controlling shareholder		(28,798)	(25,907)
Deferred taxation		(26,373)	(29,887)
		(1,106,513)	(1,102,577)
Total net assets			
		4,855,781	4,384,872
Capital and reserves			
Share capital	14	961,107	961,107
Share premium and reserves		3,780,430	3,309,661
Equity attributable to equity holders of the Company			
		4,741,537	4,270,768
Non-controlling interests		114,244	114,104
Total equity			
		4,855,781	4,384,872



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Investment revaluation reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Employee share-based compensation reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Equity attributable to equity holders of the Company (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
2008									
At 1 January 2008	961,107	4,147,543	(1,795)	93,935	7,291	(56,768)	5,151,313	115,419	5,266,732
Exchange difference arising from translation	-	-	-	47,071	-	-	47,071	-	47,071
Income recognised directly in equity	-	-	-	47,071	-	-	47,071	-	47,071
Profit for the period	-	-	-	-	-	8,269	8,269	(469)	7,800
Release on disposal of investments	-	-	1,795	-	-	-	1,795	-	1,795
Total comprehensive income for the period	-	-	1,795	47,071	-	8,269	57,135	(469)	56,666
Employee's share option lapsed during the period	-	-	-	-	(463)	463	-	-	-
At 30 June 2008	961,107	4,147,543	-	141,006	6,828	(48,036)	5,208,448	114,950	5,323,398
2009									
At 1 January 2009	961,107	4,147,543	-	(436,637)	6,126	(407,371)	4,270,768	114,104	4,384,872
Exchange difference arising from translation	-	-	-	214,158	-	-	214,158	-	214,158
Fair value change of available-for sale investments	-	-	157	-	-	-	157	-	157
Income recognised directly in equity	-	-	157	214,158	-	-	214,315	-	214,315
Profit for the period	-	-	-	-	-	256,454	256,454	140	256,594
Total comprehensive income for the period	-	-	157	214,158	-	256,454	470,769	140	470,909
Employee's share option lapsed during the period	-	-	-	-	(1,288)	1,288	-	-	-
At 30 June 2009	961,107	4,147,543	157	(222,479)	4,838	(149,629)	4,741,537	114,244	4,855,781



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Net cash from/(used in) operating activities	59,157	(33,769)
Net cash inflow/(outflow) from investing activities	80,993	(287,413)
Net cash (outflow)/inflow from financing activities	(10,580)	118,194
Increase/(decrease) in cash and cash equivalents	129,570	(202,988)
Cash and cash equivalents at beginning of the period	296,109	753,500
Cash and cash equivalents at end of the period	425,679	550,512



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Listing Rules.

They have also been prepared under the historical cost convention, except for certain properties and financial instruments which are measured at revaluated amounts or fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2008 (the "2008 Financial Statements"), except for the amendments and interpretations of Hong Kong Financial Reporting Standards ("New HKFRSs") issued by HKICPA which have become effective in this period as detail in note 2 of the 2008 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group's interim financial statements for the period.

2. COMPARATIVE FIGURES

As detailed in the notes 2 and 5 of the 2008 Financial Statements, the Group had adopted HK(IFRIC) Interpretation 12 "Service Concession Arrangements" (the "Interpretation 12") in preparing the 2008 Financial Statements. In accordance with the Interpretation 12, the Group's water treatment plant, which was classified as property, plant and equipment previously, should be classified as concession assets under intangible assets. Accordingly, certain comparative figures of these interim financial statements have been restated to conform with the adoption of Interpretation 12 and the effects are summarised as follows:

	For the six months ended 30 June
	2008 HK\$'000
Decrease in depreciation	2,005
Increase in amortisation of intangible assets	(2,005)
Increase in profit for the period	–

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents net invoiced value of goods sold, after allowance for returns and trade discount, as well as income from investments, 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	
	2009 HK\$'000	2008 HK\$'000
Environment	344,452	553,608
Health	966,721	1,031,822
Investment	9,073	9,550
	1,320,246	1,594,980

B. Segment results

An analysis of the business segment results is as follows:

	For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Business segment results		
Environment	26,705	66,756
Health	114,830	87,309
Investment	206,910	(50,331)
	348,445	103,734
Business development expenditure	(8,343)	(12,665)
Research and development expenditure	(27,422)	(11,217)
Corporate expenses	(28,241)	(25,385)
Finance costs	(9,602)	(45,640)
Share of results of associates	(6,777)	(4,045)
Profit before taxation	268,060	4,782
Taxation	(11,466)	3,018
Profit for the period	256,594	7,800

4. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	3,517	9,467
Gain on disposal of a distribution division of an overseas subsidiary (note 7)	20,863	–
Reversal of impairment on available-for-sale investments	26,659	–
Net gain/(loss) on investment at fair value through profit or loss, and derivative financial statements	165,962	(70,532)

5. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contribution and recruitment costs for the six months ended 30 June 2009 amounted to HK\$268.6 million (2008: HK\$ 318.8 million) of which HK\$110.6 million (2008: HK\$137.2 million) were allocated to costs of sales. In 2008, staff costs of HK\$8.9 million relating to development activities were capitalised.

6. TAXATION

	For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Current tax		
Hong Kong	4,430	(3)
Other jurisdictions	14,990	9,035
Deferred tax		
Hong Kong	–	–
Other jurisdictions	(7,954)	(12,050)
	11,466	(3,018)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DISPOSAL OF A DISTRIBUTION DIVISION OF AN OVERSEAS SUBSIDIARY

As detailed in the announcement of the Company dated 1 June 2009, Vitaquest International LLC (“Vitaquest LLC”), an indirect non-wholly owned subsidiary of the Company, entered into an asset purchase agreement with Windmill Health Products, LLC (the “Purchaser”), an independent third party, on 29 May 2009 under which Vitaquest LLC agreed to sell and the Purchaser agreed to purchase all of the operating assets (the “Transferred Assets”) of a distribution division of Vitaquest LLC (the “Disposal”). The principal activity of Vitaquest LLC is the supplying and manufacturing of nutritional supplements. There is no change in the principal activity of Vitaquest LLC upon the completion of the Disposal.

The total consideration of the Disposal was US\$20,195,000 (approximately HK\$157,521,000), which was satisfied by cash of US\$600,000 (approximately HK\$4,680,000) and a promissory note issued by the Purchaser with principal amount of US\$19,595,000 (approximately HK\$152,841,000) (the “Promissory Note”). The aggregate carrying value of the Transferred Assets was approximately HK\$136,490,000, including account receivables, inventories, fixed assets, trademark and distribution network. The resultant gain of the Disposal, net of other disposal expenses, was HK\$20,863,000.

The Promissory Note carries a fixed interest of 5% per annum and is secured by a first position lien and security interest in all assets owned by the Purchaser. The payment of the principal and interest under the Promissory Note shall be made in thirty-six monthly installments on the first day of each calendar month commencing on 1 July 2009. As at 30 June 2009, the outstanding principal of the Promissory Note was HK\$152,841,000, which was analysed as below:

	As at 30 June 2009 HK\$'000
Current portion included in receivable and prepayment	75,811
Non-current portion included in long-term receivable	77,030

8. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to the equity holders of the Company are based on the following data:

	For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Profit for the period		
Profit for calculating basic and diluted earnings per share	256,454	8,269
Number of shares		
Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	9,611,072,400	9,611,072,400

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options for the six months ended 30 June 2009 and 2008.

9. DIVIDENDS

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2009 (2008: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building HK\$'000	Construction in progress HK\$'000	Laboratory instruments, plant and equipment HK\$'000	Furniture, fixtures and other assets HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
Cost or valuation						
At 1 January 2009	168,713	15,279	334,152	95,401	61,072	674,617
Net additions/(disposal)	–	7,030	(13,704)	(2,403)	(6,473)	(15,550)
Disposal of a distribution division of an overseas subsidiary (note 7)	–	–	(494)	(6,162)	(1,707)	(8,363)
Exchange difference	13,871	1,077	24,441	3,015	1,981	44,385
At 30 June 2009	182,584	23,386	344,395	89,851	54,873	695,089
Accumulated depreciation						
At 1 January 2009	1,949	–	151,195	68,531	20,139	241,814
Provided and disposal for the period	1,496	–	10,284	1,500	1,861	15,141
Disposal of a distribution division of an overseas subsidiary (note 7)	–	–	(430)	(5,469)	(1,096)	(6,995)
Exchange difference	396	–	7,211	1,975	263	9,845
At 30 June 2009	3,841	–	168,260	66,537	21,167	259,805
Net book value						
At 30 June 2009	178,743	23,386	176,135	23,314	33,706	435,284
At 31 December 2008	166,764	15,279	182,957	26,870	40,933	432,803

11. INTANGIBLE ASSETS

	Development costs HK\$'000	Patents HK\$'000	Goodwill HK\$'000	Trademark HK\$'000	Customer relationship HK\$'000	Distribution network HK\$'000	Concession assets HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
Cost									
At 1 January 2009	456,524	18,101	2,817,477	105,706	328,357	37,463	83,530	7,627	3,854,785
Net additions	10,174	113	-	-	-	-	-	199	10,486
Disposal of a distribution division of an overseas subsidiary (note 7)									
	-	-	-	(26,481)	-	(37,463)	-	-	(63,944)
Exchange difference	21	21	100,420	4,827	19,319	-	12,887	1,164	138,659
At 30 June 2009	466,719	18,235	2,917,897	84,052	347,676	-	96,417	8,990	3,939,986
Amortisation									
At 1 January 2009	18,946	2,720	-	-	73,601	9,969	23,894	2,658	131,788
Provided for the period	1,867	245	-	-	15,287	1,617	2,842	935	22,793
Disposal of a distribution division of an overseas subsidiary (note 7)									
	-	-	-	-	-	(11,586)	-	-	(11,586)
Exchange difference	17	17	-	-	3,925	-	2,773	661	7,393
At 30 June 2009	20,830	2,982	-	-	92,813	-	29,509	4,254	150,388
Net book value									
At 30 June 2009	445,889	15,253	2,917,897	84,052	254,863	-	66,908	4,736	3,789,598
At 31 December 2008	437,578	15,381	2,817,477	105,706	254,756	27,494	59,636	4,969	3,722,997

12. RECEIVABLES AND PAYABLES

The Group has a policy of allowing an average credit period of 30 to 90 days to its customers. Aging analyses of trade debtors and trade creditors are as follows:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Trade debtors		
Current	258,659	255,114
Less than 90 days past due	194,484	164,336
Over 90 days past due	24,035	56,442
	477,178	475,892
Trade creditors		
Current to 90 days	243,415	222,692
Over 90 days	21,775	36,598
	265,190	259,290

13. BANK LOANS AND BANK OVERDRAFTS

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

14. SHARE CAPITAL

	Number of shares of HK\$0.10 each '000	Nominal value HK\$'000
Authorised		
At 31 December 2008 and 30 June 2009	15,000,000	1,500,000
Issued and fully paid		
At 31 December 2008 and 30 June 2009	9,611,073	961,107

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2009, the Group entered into the following transactions with related parties:

- a) The Group made sales of HK\$9.6 million (2008: HK\$13.9 million) to Hutchison International Limited ("HIL") group. HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited which is the associate of a substantial shareholder of the Company, Cheung Kong (Holdings) Limited.
- b) The Group leased certain properties from Leknarf Associates, LLC ("Leknarf") which is an associate of a non-controlling shareholder of a non-wholly owned subsidiary company, Vitaquest International Holdings LLC ("Vitaquest"). The total rental payment by the Group to Leknarf amounted to HK\$8.6 million in 2009 (2008: HK\$6.9 million).



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests or short positions of the Directors and chief executives 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 SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("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 for 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	2,250,000	-	-	4,355,634,570 (Note)	4,357,884,570	45.34%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Chu Kee Hung	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Peter Peace Tulloch	Beneficial owner	1,050,000	-	-	-	1,050,000	0.01%
Wong Yue-chim, Richard	Beneficial owner	375,000	-	-	-	375,000	0.004%
Kwok Eva Lee	Beneficial owner	200,000	-	-	-	200,000	0.002%



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Note:

Such 4,355,634,570 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 ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2") 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 4,355,634,570 shares held by the subsidiary of Cheung Kong Holdings under the SFO.

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

Pursuant to the share option scheme adopted by the Company on 26 June 2002 and revised on 16 March 2009 (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 2009 were as follows:

Name of Director	Date of grant	Number of share options					Outstanding as at 30 June 2009	Option period	Subscription price per share HK\$
		Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding as at 30 June 2009			
Yu Ying Choi,	30/9/2002	348,440	-	-	-	348,440	30/9/2003 - 29/9/2012	1.422	
Alan Abel	27/1/2003	775,560	-	-	-	775,560	27/1/2004 - 26/1/2013	1.286	
	19/1/2004	775,560	-	-	-	775,560	19/1/2005 - 18/1/2014	1.568	
Chu Kee Hung	30/9/2002	348,440	-	-	-	348,440	30/9/2003 - 29/9/2012	1.422	
	27/1/2003	775,560	-	-	-	775,560	27/1/2004 - 26/1/2013	1.286	
	19/1/2004	775,560	-	-	-	775,560	19/1/2005 - 18/1/2014	1.568	

Save as disclosed above, during the six months ended 30 June 2009, 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 executives of the Company had, as at 30 June 2009, 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 2009, options to subscribe for an aggregate of 9,630,881 shares of the Company granted to certain continuous contract employees (including the Executive Directors of the Company as disclosed above) pursuant to the Share Option Scheme were outstanding, details of which were as follows:

Date of grant	Number of share options						Subscription price per share HK\$	
	Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2009		
30/9/2002	2,167,634	-	-	(526,032)	-	1,641,602	30/9/2003 - 29/9/2012 (Note 1)	1.422
27/1/2003	4,848,823	-	-	(1,022,840)	-	3,825,983	27/1/2004 - 26/1/2013 (Note 2)	1.286
19/1/2004	5,269,312	-	-	(1,106,016)	-	4,163,296	19/1/2005 - 18/1/2014 (Note 3)	1.568

Notes:

1. The options are exercisable from 30 September 2003 to 29 September 2012 (both days inclusive) subject to the following vesting periods:
 - (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 periods:
 - (i) up to 35% of the options commencing on 27 January 2004;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 27 January 2005; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 27 January 2006.



DETAILS OF OPTIONS GRANTED BY THE COMPANY (CONT'D)

3. The options are exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting periods:
 - (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 30 June 2009, shareholders (other than Directors or chief executives 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 or were otherwise notified to the Company 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	4,355,634,570	45.31%
Gotak Limited	Interest of a controlled corporation	4,355,634,570 (Note i)	45.31%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	4,355,634,570 (Note ii)	45.31%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	4,355,634,570 (Note iv)	45.31%
Trueway International Limited	Beneficial owner	2,119,318,286	22.05%
Li Ka Shing Foundation Limited	Interest of controlled corporations	2,835,759,715 (Note v)	29.50%



INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (CONT'D)

(2) Long position of other person in the shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Triluck Assets Limited	Beneficial owner	716,441,429	7.45%

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 DT1 and TDT2 as trustee of DT2 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 DT1 and TDT2 as trustee of DT2 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. As Mr. Li Ka-shing owns 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 and is the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of shares in which Cheung Kong Holdings is deemed to be interested as mentioned above under the SFO.
- v. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by Li Ka Shing Foundation Limited ("LKSF") and LKSF is deemed to be interested in a total of 2,835,759,715 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.

Save as disclosed above, as at 30 June 2009, the Company has not been notified by any persons (other than Directors or chief executives 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.

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, 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 (“Code on CG Practices”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30 June 2009.

(1) Board Composition and Board Practices

The 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 consists of a total of nine Directors, comprising five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election 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 currently 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. In addition to regular Board meetings, the Chairman has meetings with the Non-executive Directors (including Independent Non-executive Directors) without the presence of the 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 Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.

(2) Model Code for Securities Transactions by Directors

The Company has adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions effective from 8 September 2008, which will be amended from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2009.

(3) Internal Controls

The Company has an internal audit function in place to provide an independent assessment of the Group's internal control system and review of its effectiveness in accordance with the Code on CG Practices. The Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, functional and information technology areas within the audited business units and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of these internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of internal control system of the Group for the six months ended 30 June 2009.

(4) Audit Committee

The Company established the Audit Committee on 26 June 2002 and has formulated its written terms of reference ("Terms of Reference") in accordance with the provisions set out in the Code on CG Practices. The Terms of Reference have been modified in accordance with the amended Code on CG Practices and adopted by the Board effective from 1 January 2009. The Audit Committee 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 auditor of the Company.

The Group's interim report for the six months ended 30 June 2009 has been reviewed by the Audit Committee.

(5) 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 being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman of the Board, 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 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.

(6) Investor Relations and Communication with Shareholders

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose (or are deemed to have consented) to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 13 May 2005, two indirect wholly-owned subsidiaries of the Company had each entered into a loan facility letter with HSBC Bank Canada ("HSBC Loan Facility Agreements") in connection with or arising out of the acquisition of the entire issued and outstanding shares in the capital of Développement Santé Naturelle A.G. Ltée. One of the HSBC Loan Facility Agreements is for a 3-year term loan (the "HSBC Term Loan") and the other is for an operating facility (together the "HSBC Facilities") under which the Company guarantees the obligations of its wholly-owned subsidiaries under the HSBC Facilities. In March 2008, the HSBC Facilities were renewed and the maturity date of the HSBC Term Loan was extended to 15 May 2011. As at 30 June 2009, the outstanding balance of the HSBC Facilities amounted to HK\$111,100,000. The provisions of the HSBC Loan Facility Agreements require at least 44.01% direct or indirect interest in the Company to be maintained by Cheung Kong Holdings (the Company's controlling shareholder). This obligation has been complied with.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The risk factors set out in the Company's 2008 annual report are those that the Group believes could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown in the Company's 2008 annual report which are not known to the Group or which may not be a material now but could turn out to be material in the future. In addition, this interim report does not constitute a recommendation or advice for you to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

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

CHU Kee Hung

Vice President and Chief Scientific 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

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

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond

Eirene YEUNG

COMPLIANCE OFFICER

YU Ying Choi, Alan Abel

VICE PRESIDENT, FINANCE

MO Yiu Leung, Jerry



PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Canadian Imperial Bank of Commerce
Commonwealth Bank of Australia
Citibank, N.A.

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

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 Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
Grand Cayman
KY1-1107
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

STOCK CODES

The Stock Exchange of Hong Kong Limited: 0775
Bloomberg: 775 HK
Reuters: 0775.HK

WEBSITE

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

KEY DATE

Interim Results Announcement 3 August 2009