

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 8222)

**CONTINUING CONNECTED TRANSACTIONS
AND
APPROVAL OF SERVICE CONTRACT**

This announcement relates to (I) the continuing connected transactions of the Group after the VQ Completion, including (i) the Lease Agreements between Vitaquest LLC and Leknarf; and (ii) the Manufacturing Agreement between Vitaquest LLC and Nu-Life; and (II) the Service Contract.

Vitaquest LLC, which will become a subsidiary of the Company after the VQ Completion, has been leasing certain properties from Leknarf or its predecessor as early as 1985. The VQ Investor and his associates are and will, after the VQ Completion, remain to be substantial shareholders of Vitaquest. Leknarf is an associate of the VQ Investor and will become a connected person of the Company after the VQ Completion.

Vitaquest LLC has entered into the Manufacturing Agreement relating to the appointment of (i) Garden State Nutritionals (a division of Vitaquest LLC) as manufacturer and source of supply for the GSN Products for Nu-Life; and (ii) Windmill (a division of Vitaquest LLC) as manufacturer and source of supply for the Windmill Products for Nu-Life. Nu-Life, which is an associate of the VQ Investor, will become a connected person of the Company after the VQ Completion.

After the VQ Completion, transactions contemplated under the Lease Agreements and the Manufacturing Agreement will constitute continuing connected transactions for the Company under the GEM Listing Rules. According to Rule 20.41 of the GEM Listing Rules, the Lease Agreements are subject to the reporting and disclosure requirements under Chapter 20 of the GEM Listing Rules. As for the Manufacturing Agreement, the Board anticipates that the aggregate annual values of the Manufacturing Agreement for subsequent years will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the disclosure requirement and independent Shareholders' approval at general meeting under the GEM Listing Rules.

It is also proposed that upon the VQ Completion, Vitaquest LLC will enter into the Service Contract with the VQ Investor. The Service Contract will require the approval of the Shareholders at a general meeting pursuant to Rule 17.90 of the GEM Listing Rules.

On 30 March 2006, the Company received from a closely allied group of Shareholders, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited, their confirmation that they will vote in favour of the resolutions for approving the Manufacturing Agreement and the annual caps as well as the Service Contract at the EGM.

A circular containing information relating to (i) the Manufacturing Agreement, (ii) the Service Contract, (iii) a letter from the Independent Board Committee to the Shareholders, (iv) a letter from the IFA to the Independent Board Committee and the Shareholders, (v) a letter from the Remuneration Committee of the Company to the Shareholders, and (vi) the notice of the EGM will be despatched to the Shareholders as soon as practicable pursuant to the GEM Listing Rules.

(I) CONTINUING CONNECTED TRANSACTIONS

(A) BACKGROUND INFORMATION

As announced in the VQ Announcement, a wholly owned subsidiary of the Company has entered into the Vitaquest Agreement. Upon VQ Completion, the Company will indirectly own 80% of the entire issued common equity capital and 100% of the non-voting senior preferred equity capital of Vitaquest. The VQ Investor and his associates are and will, after the VQ Completion, remain to be substantial shareholders of Vitaquest.

Leknarf and Nu-Life are associates of the VQ Investor and will therefore become connected persons of the Company after the VQ Completion.

Leknarf (or its predecessor) started to lease the Fairfield Premises, the West Caldwell Premises, and the Orlando Premises (all as hereinafter defined) to Vitaquest LLC since 1 June 1985, 1 November 1995 and 1 October 2004 respectively. All the Lease Agreements were renewed on 1 March 2005 and details of which are set out below. The aggregate value of rent paid pursuant to the Lease Agreements up to 31 December 2005 amounted to approximately US\$1,558,000 (approximately HK\$12,121,000).

Vitaquest LLC, of which Garden State Nutritionals and Windmill form parts, had started to manufacture and supply the Products to Nu-Life since 1987. The aggregate sales received by Vitaquest LLC from Nu-Life for the year ended 31 December 2005 amounted to approximately US\$3,072,000 (approximately HK\$23,900,000).

The Company has no shareholding interest in Vitaquest LLC prior to the VQ Completion. The Lease Agreements and the Manufacturing Agreement will only constitute connected transactions of the Company after the VQ Completion.

The Lease Agreements and the Manufacturing Agreement were entered into in the ordinary and usual course of business of Vitaquest LLC on normal commercial terms based on arm's length negotiation between Vitaquest LLC and the VQ Investor. According to Rule 20.41 of the GEM Listing Rules, the Lease Agreements are subject to the reporting and disclosure requirements under Chapter 20 of the GEM Listing Rules. As for the Manufacturing Agreement, the Board anticipates that the aggregate annual values of the Manufacturing Agreement for subsequent years will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the disclosure requirement and independent Shareholders' approval under the GEM Listing Rules.

(B) LEASE AGREEMENTS BETWEEN VITAQUEST LLC AND LEKNARF

(1) Subject Matters of the Lease Agreements

- (i) lease of the property located at 100 Lehigh Drive, Fairfield, New Jersey (the "Fairfield Premises");

- (ii) lease of the property located at 8 Henderson Drive, West Caldwell, New Jersey (the "West Caldwell Premises"); and
- (iii) lease of the property located at 2600 Titan Row, Orlando, Florida (the "Orlando Premises").

(2) Date of the Lease Agreements

1 March 2005

(3) Parties to the Lease Agreements

- (i) Leknarf, as the landlord;
- (ii) Vitaquest LLC, as the tenant.

(4) Terms of the Lease Agreements

- (i) Rent

Vitaquest LLC shall pay to Leknarf rent for the three leases calculated as follows:

- (a) For the lease of the Fairfield Premises, the rent is at a rate of US\$224,000 (approximately HK\$1,743,000) per annum for the full twelve calendar months from and including the date of commencement of the lease.
- (b) For the lease of the West Caldwell Premises, the rent is at a rate of US\$1,105,000 (approximately HK\$8,597,000) per annum for the full twelve calendar months from and including the date of commencement of the lease.
- (c) For the lease of the Orlando Premises, the rent is at a rate of US\$540,000 (approximately HK\$4,201,000) per annum for the full twelve calendar months from and including the date of commencement of the lease.

The rents for the three leases for each subsequent lease year shall be the rents for the prior lease year increased at the fixed rate of 2% per annum. As at the date of this announcement, the annual rental for the three leases are approximately US\$228,000 (approximately HK\$1,774,000), approximately US\$1,127,000 (approximately HK\$8,768,000) and approximately US\$551,000 (approximately HK\$4,287,000) respectively.

The rents for the three leases have the same payment terms and are to be paid by monthly instalments in advance on the first day of each and every calendar month during the lease period.

- (ii) Security deposit

Vitaquest LLC had paid to Leknarf security deposits equal to two months of the then applicable rents in the three leases respectively.

- (iii) Duration of the Lease Agreements

The term of each of the three leases is fifteen years from 1 March 2005.

(iv) **Renewal**

Subject to the terms of the relevant Lease Agreements, Vitaquest LLC shall have the right to renew the three leases for one additional term of five years by giving Leknarf written notice at least nine months prior to the expiration of the initial terms of the three leases respectively. Pursuant to Rule 20.41 of the GEM Listing Rules, in the event of any variation or renewal of the Lease Agreements, the Company will comply in full with all applicable reporting, disclosure and independent Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

(C) MANUFACTURING AGREEMENT DATED 17 MARCH 2005 AND AS AMENDED ON 27 MARCH 2006

(1) Parties to the Manufacturing Agreement

- (i) Vitaquest LLC
- (ii) Nu-Life

(2) Terms of the Manufacturing Agreement

Nu-Life appointed (i) Garden State Nutritionals (a division of Vitaquest LLC) as the manufacturer and source of supply for Nu-Life's GSN Product requirements in the US, Canada and all other international markets such that at least 80% of Nu-Life's requirements for all GSN Products (including any additional GSN Products not currently supplied or offered for sale by Nu-Life) are manufactured or supplied by Garden State Nutritionals; and (ii) Windmill (a division of Vitaquest LLC) as the manufacturer and source of supply for Nu-Life's Windmill Product requirements in the US, Canada and all other international markets such that at least 80% of Nu-Life's requirements for all Windmill Products (including any additional Windmill Products not currently supplied or offered for sale by Nu-Life) are manufactured or supplied by Windmill.

The parties to the Manufacturing Agreement shall modify, from time to time, the prices for the Products so as to reflect the then prevailing market prices for the Products. Payment terms under the Manufacturing Agreement are COD (Cash On Delivery).

The term of the Manufacturing Agreement is for three years from 27 March 2006 and shall be renewable upon mutual agreement between the parties for an additional period of one year. If either party materially breaches the Manufacturing Agreement and fails to remedy such breach within 30 days, then the non-defaulting party may terminate the Manufacturing Agreement by 90 days' prior written notice. In addition, Vitaquest LLC may terminate the Manufacturing Agreement at any time during the term thereof by 30 days' prior written notice.

(D) REASONS FOR THE TRANSACTIONS

The lease of the Premises under the Lease Agreements and the manufacture and sales of the Products pursuant to the Manufacturing Agreement have been part of the normal commercial activities of Vitaquest. The continuation of the Lease Agreements and the Manufacturing Agreement will be in the best interest of Vitaquest as well as the Group after the VQ Completion as it will avoid causing unnecessary disturbance to the business of Vitaquest and that the Manufacturing Agreement can continue to provide contribution to the business of Vitaquest.

The Directors, including the Independent Directors whose view on the Manufacturing Agreement is subject to the advice to be provided by the IFA, consider that the Lease Agreements and the Manufacturing Agreement are on normal commercial terms and on terms no less favourable than those available from independent third parties who are not connected persons of the Group. The Lease Agreements and the Manufacturing Agreement entered into will be beneficial to the business and/or the profitability of the Group after the VQ Completion. Therefore, the Directors consider it to be in the interest of the Group to engage in such transactions after the VQ Completion.

(E) ANNUAL CAP AMOUNTS

The proposed aggregate annual sales to Nu-Life pursuant to the Manufacturing Agreement will not be more than the amount as stated below:

Time period	Caps
For the year ending 31 December 2006	US\$4,000,000
For the year ending 31 December 2007	US\$5,200,000
For the year ending 31 December 2008	US\$6,400,000

The aggregate annual sales to Nu-Life pursuant to the Manufacturing Agreement for the years ended 31 December 2003, 31 December 2004 and 31 December 2005 were US\$3,628,000 (approximately HK\$28,226,000), US\$3,288,000 (approximately HK\$25,581,000) and US\$3,072,000 (approximately HK\$23,900,000) respectively. The cap amounts mentioned above are determined by reference to, among other matters, the respective historical aggregate sales to Nu-Life. The Directors consider that the proposed annual caps for the Manufacturing Agreement are fair, reasonable and practical and in the interests of the Company and the Shareholders as a whole.

Based on the annual cap in respect of the remaining term of the Manufacturing Agreement, the aggregate annual values of the Manufacturing Agreement for subsequent years will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the disclosure requirement and independent Shareholders' approval at general meeting under the GEM Listing Rules. On 30 March 2006, the Company received from a closely allied group of Shareholders, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited, their confirmation that they will vote in favour of the resolution for approving the Manufacturing Agreement and the annual caps at the EGM.

(II) APPROVAL OF SERVICE CONTRACT

Upon the VQ Completion, Vitaquest LLC will enter into a Service Contract with VQ Investor appointing him as the chief executive officer of Vitaquest and Vitaquest LLC. The Service Contract will require the approval of the Shareholders at a general meeting pursuant to Rule 17.90 of the GEM Listing Rules.

(1) Term

The Service Contract will be for a term of five years and will be automatically extended for successive periods of one-year each unless Vitaquest LLC provides written notice of termination to VQ Investor at least sixty days prior to the expiration of the initial term or any subsequent extended term.

(2) Remuneration

VQ Investor's annual base salary will be US\$600,000 (approximately HK\$4,668,000) which will be increased annually by a percentage equal to the consumer price index and he will be entitled to an annual bonus equivalent to 25% of the management fee payable by Vitaquest to the Group pursuant to a management agreement to be entered into between a company within the Group and Vitaquest.

(3) Restrictive covenant

Pursuant to the Service Contract, VQ Investor will be bound by a restrictive covenant which will provide that during his employment and for twelve months after the termination of his employment, VQ Investor shall not engage in activities, business or establish any new businesses that are substantially in competition with Vitaquest or its subsidiaries and shall not solicit customers and employees of Vitaquest or its subsidiaries save and except that Nu-Life and its subsidiaries may continue to sell goods and services of the type sold by them on the date of the Service Contract and to manufacture, produce or package any products consistent with past practice.

(4) Termination compensation

The Service Contract may be terminated by Vitaquest LLC at anytime for any reason, or by the VQ Investor at anytime after the second anniversary of the Service Contract upon 60 days' advance written notice. Certain provisions of the Service Contract will provide that upon termination of the Service Contract, VQ Investor may be entitled to compensation and other payments equivalent to more than one year's emoluments. The basis of calculating the compensation and other payments payable to VQ Investor upon termination of the Service Contract will depend mainly on whether the Service Contract has been terminated by Vitaquest LLC with or without Cause or by VQ Investor with or without Good Reason.

Vitaquest LLC will have to pay the continuation of VQ Investor's base salary and the employee benefits for the balance of the term or two years (whichever is longer) if the Service Contract is terminated prior to the expiration of the term by (i) Vitaquest LLC without Cause, (ii) VQ Investor with Good Reason, or (iii) the failure on the part of Vitaquest LLC to extend the term because of a change in control.

(5) Approval at the EGM

The Service Contract will require approval of the Shareholders at a general meeting of the Company pursuant to Rule 17.90 of the GEM Listing Rules. On 30 March 2006, the Company received from a closely allied group of Shareholders, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited, their confirmation that they will vote in favour of the resolution for approving the Service Contract at the EGM.

The Remuneration Committee of the Company will advise the Shareholders as to whether the terms of the Service Contract are fair and reasonable and whether the Service Contract is in the interests of the Company and the Shareholders as a whole and to advise the Shareholders on how to vote.

(III) GENERAL

The Company acts as an investment holding company. Its subsidiaries are principally engaged in research and development, manufacturing, commercialization, marketing and selling of environmental and human health products, as well as investment in various financial and investment products.

The business operations of Leknarf are real estate investment and holding.

The business operations of Vitaquest are supplying and manufacturing nutritional supplements worldwide.

Garden State Nutritionals is an operating division of Vitaquest which formulates, develops and manufactures custom dietary supplements, serving companies in more than 35 countries worldwide.

Windmill, Vitaquest's distribution arm, sells Vitaquest's own branded as well as third party products to mass merchants, drug store chains, independent pharmacies, supermarket and health food stores.

The business operations of Nu-Life are the marketing and sale of nutritional supplements in Canada.

A circular containing information relating to (i) the Manufacturing Agreement, (ii) the Service Contract, (iii) a letter from the Independent Board Committee to the Shareholders, (iv) a letter from the IFA to the Independent Board Committee and the Shareholders, (v) a letter from the Remuneration Committee of the Company to the Shareholders, and (vi) the notice of the EGM will be despatched to the Shareholders for information purpose as soon as possible pursuant to the GEM Listing Rules.

The Directors propose to seek the approval of the Manufacturing Agreement and the Service Contract from the Shareholders at the EGM by poll. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Manufacturing Agreement or the Service Contract and no Shareholder is required to abstain from voting on the resolutions to approve the Manufacturing Agreement and the annual caps as well as the Service Contract at the EGM.

DEFINITIONS

“associate(s)”, “connected person(s)” and “substantial shareholder(s)” have the meanings ascribed to them in the GEM Listing Rules

“Board” the board of directors of the Company

“Cause”	<p>VQ Investor's:</p> <ul style="list-style-type: none"> (i) willful failure to substantially perform his duties; (ii) conviction of a misdemeanor involving moral turpitude or felony; (iii) willful breach of a material provision of the Service Contract; (iv) willful violations of Vitaquest LLC's policies that Vitaquest determines is materially detrimental to the best interests of Vitaquest LLC; (v) misappropriation of Vitaquest LLC's funds or property; and (vi) use of alcohol or drug that interferes his performance of duties.
“Company”	CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of, among other things, approving the Manufacturing Agreement and the annual caps as well as the Service Contract
“Garden State Nutritionals”	Garden State Nutritionals, a division of Vitaquest LLC, which in turn is a wholly-owned subsidiary of Vitaquest
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Good Reason”	<ul style="list-style-type: none"> (i) removal of VQ Investor as chief executive officer of Vitaquest and Vitaquest LLC or taking of any action that would result in VQ Investor not being the most senior officer of Vitaquest LLC; (ii) relocation of the principal executive offices of Vitaquest LLC to a location more than 60 miles from the location in effect as of the effective date of the Service Contract; (iii) material breach by Vitaquest LLC of a material provision of the Service Contract and failure to rectify after 10 days' notice; (iv) failure of successor of Vitaquest LLC to assume the Service Contract; (v) any material reduction in the benefits provided pursuant to the Service Contract (which has not been cured within thirty days after written notice thereof is provided by VQ Investor to Vitaquest LLC specifically identifying such reduction in reasonable detail); and (vi) any action by the members of Vitaquest other than VQ Investor or his affiliates or relatives that causes VQ Investor or his designee(s) not to be appointed to the board of directors of Vitaquest.

“Group”	the Company and its subsidiaries
“GSN Products”	dietary supplement, food and cosmetic lines of products
“IFA”	an independent financial adviser to the Independent Board Committee and the Shareholders to be appointed by the Company
“Independent Board Committee”	an independent committee of the Board consisting of the Independent Directors, namely, Professor Wong Yue-chim, Richard, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel
“Independent Directors”	the independent non-executive directors of the Company from time to time
“Lease Agreements”	the lease agreements entered into between Vitaquest LLC and Leknarf in relation to the Premises
“Leknarf”	Leknarf Associates, LLC, a New Jersey Limited Liability Company
“Manufacturing Agreement”	the manufacturing agreement dated 17 March 2005 between Vitaquest LLC and Nu-Life and as amended on 27 March 2006
“Nu-Life”	Nu-Life Corp., a corporation established under the laws of Ontario, Canada
“Premises”	the Fairfield Premises, the West Caldwell Premises and the Orlando Premises
“Products”	the GSN Products and Windmill Products
“Service Contract”	the service contract to be entered into between Vitaquest LLC and VQ Investor upon the VQ Completion
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America
“Vitaquest”	Vitaquest International Holdings LLC, a limited liability company established under the laws of the state of Delaware, US
“Vitaquest Agreement”	the purchase agreement dated 3 February 2006, details of which were stated in the VQ Announcement

“Vitaquest LLC”	Vitaquest International LLC, a wholly-owned subsidiary of Vitaquest, being a limited liability company established under the laws of the state of Delaware, US and engaged in the business of supplying and manufacturing nutritional supplements
“VQ Announcement”	the announcement dated 3 February 2006 issued by the Company in relation to the Vitaquest Agreement
“VQ Completion”	completion of the Vitaquest Agreement
“VQ Investor”	an individual investor in Vitaquest who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons prior to the VQ Completion
“Windmill”	Windmill Health Products, a division of Vitaquest LLC, which in turn is a wholly-owned subsidiary of Vitaquest
“Windmill Products”	products distributed by Windmill under its own brands or third party brands
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
“US\$”	the lawful currency of the US

In this announcement, the exchange rate of HK\$7.78 = US\$1.00 is used for illustrative purpose.

By order of the Board
CK Life Sciences Int’l, (Holdings) Inc.
Eirene Yeung
Company Secretary

Hong Kong, 30 March 2006

As at the date of this announcement, the Executive Directors of the Company are Mr. Li Tzar Kuoi, Victor (Chairman), Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mr. Yu Ying Choi, Alan Abel, Dr. Pang Shiu Fun and Dr. Chu Kee Hung; and the Non-executive Directors are Mr. Peter Peace Tulloch, Professor Wong Yue-chim, Richard (Independent Non-executive Director), Mrs. Kwok Eva Lee (Independent Non-executive Director) and Mr. Colin Stevens Russel (Independent Non-executive Director).

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement is accurate and complete in all material respects and is not misleading; (ii) there are no other matters the omission of which would make any statements in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.ck-lifesciences.com.