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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)

FIRST QUARTER RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2006

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This announcement, 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 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 statement 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.

CHAIRMAN'S STATEMENT

Highlights

- Strong financial growth from same period last year:
 - Sales revenue surged by over 5 times to HK\$408 million
 - Total revenue increased 3-fold to HK\$428 million
 - Unaudited profit attributable to shareholders was HK\$2 million, representing an increase of 258%
- Operational profitability achieved as sales revenue growth outpaced investment proceeds
- Strong contributions from recent acquisitions:
 - Envirogreen Pty Limited, Australia
 - Nuturf Australia Pty Ltd, Australia
 - Développement Santé Naturelle A.G. Ltée, Canada
 - Vitaquest International Holdings LLC, US
- Results reflect culmination of defined growth strategies and dedicated efforts. Strong foundations laid, solid performance achieved, and sustainable growth expected in the future

A Promising Start to a Landmark Year

The first quarter of 2006 marks a promising beginning to a landmark year for CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Group"). The financials are healthy and the Group is well-positioned for a year of achievement in 2006.

Financial Highlights – Sales Revenue Surges over 5 Times

| HK\$'000 | The First Quarter Results | | |
|--|---------------------------|----------------|-----------------------------|
| | 2006 | 2005 | Increase/ (Decrease) (%) |
| Sales revenue | 407,971 | 62,186 | 556 |
| Investment proceeds | 19,543 | 42,483 | (54) |
| Total revenue | 427,514 | 104,669 | 308 |
| Profit attributable to shareholders | 2,063 | 576 | 258 |

The Board of Directors has not declared any dividend for the period under review (2005: Nil).

Quarterly Sales Surpassed HK\$400 Million Mark

The quarter under review can be characterized by significant sales growth, both in terms of actual amount and growth rate. Sales revenue reached a record quarterly high of HK\$408 million, an increase of approximately 6 times over the same period last year. Surpassing the HK\$400 million quarterly sales mark, this demonstrates a breakthrough sales performance from CK Life Sciences and contributed greatly to the achievement of operational profitability.

Solid sales growth was recorded in both of the Group's core businesses – environment and health:

| HK\$'000 | The First Quarter Results | | |
|--------------------|---------------------------|---------------|--------------|
| | 2006 | 2005 | Increase (%) |
| Environment | 145,668 | 60,364 | 141 |
| Health | 262,303 | 1,822 | 14,296 |
| Total sales | 407,971 | 62,186 | 556 |

The Group's satisfactory sales growth is attributable to:

1) *Strong Organic Growth*

During the period under review, CK Life Sciences reported robust organic growth in both our environmental and health businesses as we extended our product line, expanded our market reach and enhanced our customer base.

2) *Contributions from Strategic Acquisitions*

The three acquisitions made by the Group over the last year, namely Envirogreen Pty Limited, Nuturf Australia Pty Ltd and Développement Santé Naturelle A.G. Ltée ("A.G."), have all generated good contributions to CK Life Sciences' financial results. In addition, the recently acquired Vitaquest International Holdings LLC ("Vitaquest") also made a partial profit contribution this quarter. The acquisition strategy has proven to be an effective one for driving growth.

Good R&D Progress

In addition to strong sales performance, continued progress has been achieved in the Group's R&D.

In vitro and in vivo studies conducted by the Chinese Center for Disease Control and Prevention, Institute for Occupational Health and Poisoning Control ("Chinese Center for Disease Control and Prevention") and the Cancer Institute, Chinese Academy of Medical Sciences indicated that the Group's anti-cancer product inhibits the growth of human primary liver cancer cells. Large-scale animal studies will be further conducted by the Chinese Center for Disease Control and Prevention. In Australia, studies carried out together with Minomic Pty Ltd have also been completed with results demonstrating that the Group's anti-cancer product significantly inhibits prostate cancer growth.

Acquisition Strategy Fuels Growth

Acquisition is an important pillar of our growth strategy.

The latest highlight in our acquisition efforts is the recent acquisition of Vitaquest. With sales of more than HK\$1 billion in 2005, the addition of Vitaquest will bring significant sales and profit contribution to the Group.

The results from the first quarter demonstrate that our acquisitions have been very successful in driving sales and profit growth. Going forward, we will continue to aggressively pursue more new projects that will provide immediate contributions to our sales and profits, as well as offer synergies with our existing businesses.

The Group recently raised approximately HK\$2,082 million through a rights issue exercise. This will greatly strengthen our financing capacity and flexibility for more future acquisitions.

Prospects

2006 is poised to be a promising year of growth for the Group. The first quarter has marked a positive start. Strong sales progress has been achieved and the momentum is expected to continue.

In addition to continuing our work in R&D and generating organic growth, substantial efforts will be launched to maximize the synergies amongst our recent acquisitions.

Amalgamating the strengths of CK Life Sciences' R&D platforms; A.G., the best-selling nutraceutical brand in Québec, Canada; and the capabilities of Vitaquest, the largest custom contract nutraceutical manufacturer in the US, it can be expected that the Group will have a major impact on the global nutraceutical industry.

In our fertilizer business, the two Australian companies acquired in 2005 will make a full contribution to the Group's sales and profit in 2006. We plan to capitalize on the synergies between these companies and our other fertilizer businesses to deepen our market penetration around the world.

We are also studying acquisition opportunities worldwide to add more complementary companies to our portfolio.

The Group has established a solid foundation for both our core businesses. The first quarter results have been very good, a promising beginning for a year of transformational growth. We are confident of maintaining this growth momentum as more acquisition opportunities are pursued in the coming year. CK Life Sciences has every reason to be optimistic about our future prospects.

Acknowledgements

I would like to take this opportunity to thank our shareholders, Board of Directors, our staff and business partners for their support. As we enter into the second quarter of 2006, we look forward to achieving continued growth for CK Life Sciences.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 15 May 2006

UNAUDITED CONSOLIDATED RESULTS

| | | Three months ended 31 March | |
|--|--------------|--|-----------------|
| | | <u>2006</u> | <u>2005</u> |
| | | HK\$'000 | HK\$'000 |
| | <i>Notes</i> | | |
| Turnover | 2 | 427,514 | 104,669 |
| Cost of sales | | (263,873) | (58,250) |
| | | 163,641 | 46,419 |
| Other income | 3 | 10,961 | 16,538 |
| Staff costs | 4 | (55,433) | (29,557) |
| Depreciation | | (8,821) | (6,602) |
| Amortization of intangible assets | | (1,525) | (747) |
| Fair value change of financial instruments | | (14,007) | (4,008) |
| Other operating expenses | | (72,974) | (19,532) |
| Profit from operation | | 21,842 | 2,511 |
| Finance costs | | (23,306) | (1,869) |
| Share of results of associates | | 178 | 220 |
| Profit/(loss) before taxation | | (1,286) | 862 |
| Taxation | 5 | 3,006 | (212) |
| Profit for the period | | 1,720 | 650 |
| Attributable to: | | | |
| Equity holders of the Company | | 2,063 | 576 |
| Minority interests | | (343) | 74 |
| | | 1,720 | 650 |
| Earnings per share | | | |
| - basic | 6 | 0.03 cent | 0.009 cent |
| - diluted | | 0.03 cent | 0.009 cent |

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 accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 December 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:

| | <u>2006</u> | <u>2005</u> |
|-------------------|-----------------------|-----------------------|
| | HK\$'000 | HK\$'000 |
| Environment | 145,668 | 60,364 |
| Health | 262,303 | 1,822 |
| Investment income | 19,543 | 42,483 |
| | <u>427,514</u> | <u>104,669</u> |

3. Other income

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

4. Staff costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the period under review amount to HK\$67,718,000(2005: HK\$35,683,000) of which HK\$5,594,000 (2005: HK\$6,126,000) relating to development activities was capitalized and HK\$ 6,691,000 (2005:Nil) relating to direct labour costs was allocated to cost of sales.

5. Taxation

| | <u>2006</u> | <u>2005</u> |
|----------------------|----------------|-------------|
| | HK\$'000 | HK\$'000 |
| Other jurisdictions: | | |
| Current tax | 1,666 | 56 |
| Deferred tax | <u>(4,672)</u> | <u>156</u> |
| | <u>(3,006)</u> | <u>212</u> |

No provision for Hong Kong profits tax has been made as there was no assessable profit for the three months ended 31 March 2006 (2005: Nil). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Earnings per share

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

| | <u>2006</u> | <u>2005</u> |
|---|----------------------|----------------------|
| | HK\$'000 | HK\$'000 |
| Profit for the period | | |
| Profit for calculating basic and diluted earnings per share | <u>2,063</u> | <u>576</u> |
| Number of shares | | |
| Number of ordinary shares used in the calculation of basic earnings per share | 6,407,381,600 | 6,407,381,600 |
| Effect of dilutive potential ordinary shares | <u>-</u> | <u>-</u> |
| Number of ordinary shares used in the calculation of diluted earnings per share | <u>6,407,381,600</u> | <u>6,407,381,600</u> |

There was no dilution in the earnings per share for the three months ended 31 March 2006 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 2006 (2005: Nil).

8. Movements of reserves

| | Share premium | Investment revaluation reserve | Exchange reserve | Employee share-based compensation reserve | Accumulated losses | Total |
|--|--------------------------|---|-----------------------------|--|-------------------------------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| <u>2005</u> | | | | | | |
| At 1 January 2005 | 2,392,185 | 42,295 | 1,950 | 7,563 | (289,026) | 2,154,967 |
| Prior year adjustment | - | - | - | - | (420) | (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 |
| <u>2006</u> | | | | | | |
| At 1 January 2006 | 2,392,185 | (27,602) | (35) | 8,186 | (277,212) | 2,095,522 |
| Loss on revaluation of financial instruments | - | (5,569) | - | - | - | (5,569) |
| Employees' share options benefits | - | - | - | 130 | - | 130 |
| Exchange difference on translation of financial statements of overseas operations | - | - | (3,226) | - | - | (3,226) |
| Profit for the three months ended 31 March 2006 | - | - | - | - | 2,063 | 2,063 |
| At 31 March 2006 | 2,392,185 | (33,171) | (3,261) | 8,316 | (275,149) | 2,088,920 |

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

As at 31 March 2006, 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% |
| 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% |

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.

2. Such interests comprise the same block of 700 shares jointly held by Dr. Pang Shiu Fun and his wife.

(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 2006 were as follows:

| Name of Director | Date of grant | Number of share options | | | | Outstanding as at 31 March 2006 | Option period | Subscription price per share HK\$ |
|----------------------------|---------------|----------------------------------|---------------------------|-----------------------------|------------------------------------|---------------------------------|-----------------------|-----------------------------------|
| | | Outstanding as at 1 January 2006 | Granted during the period | Exercised during the period | Cancelled/lapsed during the period | | | |
| Yu Ying Choi, Alan Abel | 30/9/2002 | 310,000 | - | - | - | 310,000 | 30/9/2003 - 29/9/2012 | 1.598 |
| | 27/1/2003 | 690,000 | - | - | - | 690,000 | 27/1/2004 - 26/1/2013 | 1.446 |
| | 19/1/2004 | 690,000 | - | - | - | 690,000 | 19/1/2005 - 18/1/2014 | 1.762 |
| Pang Shiu Fun | 30/9/2002 | 310,000 | - | - | - | 310,000 | 30/9/2003 - 29/9/2012 | 1.598 |
| | 27/1/2003 | 690,000 | - | - | - | 690,000 | 27/1/2004 - 26/1/2013 | 1.446 |
| | 19/1/2004 | 690,000 | - | - | - | 690,000 | 19/1/2005 - 18/1/2014 | 1.762 |
| Chu Kee Hung | 30/9/2002 | 310,000 | - | - | - | 310,000 | 30/9/2003 - 29/9/2012 | 1.598 |
| | 27/1/2003 | 690,000 | - | - | - | 690,000 | 27/1/2004 - 26/1/2013 | 1.446 |
| | 19/1/2004 | 690,000 | - | - | - | 690,000 | 19/1/2005 - 18/1/2014 | 1.762 |

Save as disclosed above, during the three months ended 31 March 2006, 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 2006, 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 2006, options to subscribe for an aggregate of 17,984,700 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 2006 | Option period | Subscription price per share HK\$ |
|---------------|----------------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| | Outstanding as at 1 January 2006 | Granted during the period | Exercised during the period | Lapsed during the period | Cancelled during the period | | | |
| 30/9/2002 | 3,188,500 | - | - | 72,000 | - | 3,116,500 | 30/9/2003 - 29/9/2012 (Note 1) | 1.598 |
| 27/1/2003 | 7,128,200 | - | - | 194,000 | - | 6,934,200 | 27/1/2004 - 26/1/2013 (Note 2) | 1.446 |
| 19/1/2004 | 8,154,000 | - | - | 220,000 | - | 7,934,000 | 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 2006 were as follows:

| Date of grant | Number of share options | | | | | Outstanding as at 31 March 2006 | Option period | Subscription price per share HK\$ |
|---------------|----------------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| | Outstanding as at 1 January 2006 | Granted during the period | Exercised during the period | Lapsed during the period | Cancelled during the period | | | |
| 30/9/2002 | 316,000 | - | - | - | - | 316,000 | 30/9/2003 - 29/9/2012 (Note 1) | 1.598 |
| 27/1/2003 | 580,000 | - | - | - | - | 580,000 | 27/1/2004 - 26/1/2013 (Note 2) | 1.446 |
| 19/1/2004 | 580,000 | - | - | - | - | 580,000 | 19/1/2005 - 18/1/2014 (Note 3) | 1.762 |

Notes:

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 2006, 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% |

(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 2006, 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 2006, 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, manufacturing, commercialization, marketing and selling of environmental and human health products.
- (ii) Investment in various financial and investment products.

(2) Interests in Competing Business

| Name of Director | Name of Company | Nature of Interest | Competing Business (Note 2) |
|------------------------|--|---|-----------------------------|
| Li Tzar Kuoi, Victor | Cheung Kong (Holdings) Limited | Managing Director and Deputy Chairman (Note 1) | (ii) |
| | Hutchison Whampoa Limited | Executive Director and Deputy Chairman (Note 1) | (i) & (ii) |
| | Cheung Kong Infrastructure Holdings Limited | Chairman (Note 1) | (i) & (ii) |
| | Hongkong Electric Holdings Limited | Executive Director (Note 1) | (ii) |
| Kam Hing Lam | Cheung Kong (Holdings) Limited | Deputy Managing Director (Note 1) | (ii) |
| | Hutchison Whampoa Limited | Executive Director (Note 1) | (i) & (ii) |
| | Cheung Kong Infrastructure Holdings Limited | Group Managing Director (Note 1) | (i) & (ii) |
| | Hongkong Electric Holdings Limited | Executive Director | (ii) |
| Ip Tak Chuen, Edmond | Cheung Kong (Holdings) Limited | Deputy Managing Director | (ii) |
| | Cheung Kong Infrastructure Holdings Limited | Executive Director and Deputy Chairman | (i) & (ii) |
| | TOM Group Limited | Non-executive Director | (ii) |
| | CATIC International Holdings Limited | Non-executive Director | (ii) |
| | Excel Technology International Holdings Limited | Non-executive Director | (ii) |
| | Shougang Concord International Enterprises Company Limited | Non-executive Director | (ii) |
| Pang Shiu Fun | Cheung Kong (Holdings) Limited | Holder of listed shares | (ii) |
| | Hutchison Whampoa Limited | Holder of listed shares | (i) & (ii) |
| | Cheung Kong Infrastructure Holdings Limited | Holder of listed shares | (i) & (ii) |
| | TOM Group Limited | Holder of listed shares | (ii) |
| Wong Yue-chim, Richard | Great Eagle Holdings Limited | Independent Non-executive Director | (ii) |
| | Orient Overseas (International) Limited | Independent Non-executive Director | (ii) |
| Kwok Eva Lee | Cheung Kong Infrastructure Holdings Limited | Independent Non-executive Director | (i) & (ii) |
| | Shoppers Drug Mart Corporation | Independent Director | (i) |
| Colin Stevens Russel | Cheung Kong Infrastructure Holdings Limited | Independent Non-executive Director | (i) & (ii) |

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

Notes:

1. Apart from holding the directorships, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Kam Hing Lam and/or their respective family members have direct and/or indirect interests in the shares of such companies where appropriate.
2. Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, none of the Directors, the management shareholders of the Company or their respective Associates have any interests in a business which competes or may compete, either directly or indirectly, with the businesses of the Group.

CORPORATE GOVERNANCE

The Board of Directors (“Board”) and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize 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 15 of the GEM Listing Rules throughout the three months ended 31 March 2006.

(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 ten Directors, comprising six Executive Directors, one Non-executive Director and three Independent Non-executive Directors. At least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise as required by the GEM Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company’s Articles of Association and the Code on CG Practices.

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

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

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

The Company has adopted the model code on securities transactions by directors of listed issuers set out in Chapter 5 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions, effective 31 March 2004.

(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 external auditors of the Company.

The Group’s first quarter report for the three months ended 31 March 2006 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 being Independent Non-executive Directors. The existing 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.

(4) Investor Relations and Communication with Shareholders

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

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

During the three months ended 31 March 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

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