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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)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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

2006 – A Noteworthy Year

2006 marked a noteworthy year for CK Life Sciences:

- 1) Sales from environmental and health businesses about HK\$2 billion;
- 2) Total revenue approaching HK\$2.2 billion;
- 3) Profit attributable to shareholders over HK\$100 million;
- 4) First full year contributions from the newly acquired Santé Naturelle A.G. Ltée in Canada and Envirogreen and Nuturf in Australia recorded;
- 5) Acquired Vitaquest, the largest custom contract nutraceutical manufacturer in the US, strengthening profit contribution for the Group;
- 6) Launched the *Adrien Gagnon* (or “AG”) nutraceutical brand internationally, firstly in Hong Kong in the earlier half of the year and then in the Netherlands in the second half.

All in all, it has been a very exciting year for CK Life Sciences, with achievements on all fronts. We look forward to capitalizing on this momentum in 2007 and beyond.

Sales Up 2½ Times; Revenue Increased 2 Times; and Profit Grew 7 Times

HK\$'000	2006	2005	Variance
Sales revenue	1,938,557	542,484	+257%
Investment proceeds	258,561	151,895	+70%
Total revenue	2,197,118	694,379	+216%
Profit attributable to shareholders	102,022	12,234	+734%

The financial performance of CK Life Sciences Int'l., (Holdings) Inc. (“CK Life Sciences” or the “Group”) for the year ended 31 December 2006 has been very strong. Sales revenue increased 2½ times to approximately HK\$2 billion, while investment proceeds increased 70% to approximately HK\$260 million. Total revenue reached nearly HK\$2.2 billion, increased more than 2 times over last year. Profit attributable to shareholders grew 7-fold to HK\$102 million.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2006.

Health Sales Up 10 Times

Sales from health-related business approached HK\$1.4 billion, representing an increase of more than 10 times over 2005.

The performance of our health business was boosted by contributions from Vitaquest International Holdings LLC (“Vitaquest”), which was acquired in early 2006. Vitaquest generated strong results over the course of the year and expanded the scope of our nutraceutical business. Leveraging on the core competencies of Vitaquest, CK Life Sciences has broadened its geographical reach, sales and marketing power, manufacturing capacity and product development expertise.

2006 was also notable for the expansion of the *Adrien Gagnon* (or “AG”) brand. Following the acquisition of Santé Naturelle A.G. Ltée (“S.N.A.G.”) in 2005, CK Life Sciences owns the top-selling nutraceutical brand in Québec, Canada – *Adrien Gagnon*. S.N.A.G. has generated steady earnings in its first full year under the Group. In 2006, CK Life Sciences launched the *Adrien Gagnon* brand internationally, commencing with the Hong Kong market in the early part and the Netherlands in the latter part of the year.

Environmental Sales Reached HK\$550 Million

The Group’s environmental-related business continued on its growth trend, with sales approaching HK\$550 million. Full year contributions from Envirogreen Pty Limited (“Envirogreen”) and Nuturf Australia Pty Ltd (“Nuturf”) have been recorded for the first time. These recent acquisitions have delivered a meaningful contribution to our financial performance, as well as expanding our market share in Australia.

Elsewhere in Asia, the Group reported satisfactory progress in its existing markets.

Encouraging R&D Advances

In our core business areas of human health and environmental sustainability, CK Life Sciences continues to devote significant resources to the research and development of new solutions that will improve the quality of life. Our research spans the study of microbes, herbs and antibodies. The results achieved by our expert team of scientists during the year have been very positive.

Strong Financial Position

CK Life Sciences has a very sound financial position. As at 31 December 2006, cash and net financial assets on hand amounted to over HK\$1.5 billion, while bank loans were only HK\$323 million. As a consequence, we remain in a strong financial position to support our plans for continued sales growth, R&D advancements and new acquisitions.

Our treasury investments have also performed very well over 2006 and we will continue to make prudent investments to enhance the returns generated in this area.

Prospects

2006 was a milestone year for the development of our nutraceutical business. We plan to continue our expansion and build on our foundation of experience and expertise in the biotech sector. By leveraging on the capabilities of our existing businesses, as well as those of our newly acquired companies, S.N.A.G. and Vitaquest, we will build a strong foothold towards achieving our vision of becoming one of the pre-eminent nutraceutical companies in the world.

We will also maximize the synergies between CK Life Sciences and other Cheung Kong Group companies. Our recent launches of the *Adrien Gagnon* brand in Hong Kong and the Netherlands have been favourably supported by the A.S. Watson Group, also a member of the Cheung Kong Group, which is the world's largest health and beauty retailer with operations in 36 markets worldwide. This partnership has greatly enhanced CK Life Sciences' sales and distribution channels, as well as strengthened our acquisition capability. The Group will continue to seek ways to capitalize on the strong financial foundations, extensive expertise, reputation and scale of the Cheung Kong Group, as well as utilize its international network of professional partners, to pursue new expansion opportunities.

In addition to aggressively pursuing organic growth of our core businesses in health and environmental sustainability, we will continue to explore acquisition opportunities to further enhance our growth and add value to our shareholders.

2006 has been a landmark year for CK Life Sciences, affirming our management's growth strategies and vision for the future. We look forward to setting more records and reaching new highs. The future is promising.

On the back of a highly encouraging performance in 2006, I would like to take this opportunity to thank our shareholders, Board of Directors, staff and business partners for their unfaltering support.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 16 March 2007

FINANCIAL REVIEW

Financial resources, liquidity and treasury policies

In 2006, the financial and liquidity position of the Group continued to be sound and healthy. It obtained its finances mainly from internal sources such as cash generated from business activities and rights issue as well as external source such as bank borrowings.

In May 2006, the Company completed a rights issue, through which a net amount of about HK\$2,076,000,000 had been raised from its shareholders. After this fund raising exercise, the financial and liquidity position of the Group was further strengthened which has added more vitality for the Group to develop its business by means of organic growth as well as strategic acquisition.

The external financing by bank loans was mainly for the purpose of acquiring the Group's overseas businesses. At as 31 December 2006, the total bank loans amounted to HK\$322,877,000. Most of these loans are principally on a floating interest rate basis and were granted by the banks based on the guarantees of and/or some committed terms by the Company. Other than such guarantees/commitments, an overseas subsidiary had also pledged to a bank all its assets which had a carrying value of HK\$168,906,000 as at 31 December 2006 for a loan of HK\$205,258,000. The total finance costs of the Group for the year were HK\$37,866,000.

At the end of 2006, the total assets of the Group were about HK\$5,931,654,000, of which bank balances and deposits were about HK\$459,624,000 and marketable securities were about HK\$1,108,245,000. The total investment income and bank interest generated for the year were HK\$169,556,000 and HK\$18,193,000 respectively.

The total net assets of the Group as at 31 December 2006 were HK\$4,962,024,000, representing about 1.8 times of the same reported last year. The substantial increase in net asset value is mainly attributable to the consolidation of the results of Vitaquest International Holdings LLC ("Vitaquest"), the acquisition of which was completed in the mid of the year. The net asset value of the Group was increased from HK\$0.43 per share in 2005 to HK\$0.52 per share in 2006. The gearing ratio of the Group, which is based on total bank borrowings over total equity, was reduced from 0.2 in 2005 to 0.07 in 2006.

The Group's treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to interest rates fluctuation. It would monitor its overall net debt position closely, review its funding costs and maturity profile regularly and take necessary actions to facilitate refinancing whenever appropriate. To mitigate the currency exchange risk arising from overseas investments which consist of non-HK dollar assets, the Group would generally establish a natural hedge with an appropriate level of borrowings in the same currencies of the overseas investments. As such, same as the previous years, all the bank loans of the Group for the year under review were denominated in foreign currencies.

Material acquisitions/disposals and significant investments

In May 2006, the Group completed the acquisition of 80% stake in Vitaquest, a US company specializing in the manufacture and sales of nutritional supplements worldwide. This acquisition constitutes a very substantial acquisition under the GEM Listing Rules and was approved by shareholders in an extraordinary general meeting.

In December 2006, the Company announced the restructuring of the joint ventures with the Nanjing Red Sun Stock Co., Ltd (“Red Sun”), under which the Group, inter alia, would dispose of an 8.625% equity interests in one of the joint ventures to the Red Sun. Such disposal constitutes a discloseable transaction under the GEM Listing Rules and details of which are incorporated in a circular issued on 18 December 2006.

Other than the aforementioned, there was no other material acquisition/disposal which would have been required to be disclosed under the GEM Listing Rules for the year under review.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK\$71,658,000 in 2006.

Capital commitments and future plans for material investments or capital assets

As of 31 December 2006, the total capital commitments by the Group amounted to HK\$5,170,000 which were mainly made up of contracted commitments in respect of the acquisition of laboratory, instrument, plant and equipment.

Information on employees

The total number of full-time employee of the Group was 1,162 at the end of 2006, and is 387 more than the total headcount of 775 at the end of 2005. The total staff costs, including directors’ emoluments, amounted to approximately HK\$470,712,000 for the year under review, which represents an increase of 173% as compared to the same of the previous year. The increases in headcount and staff costs are mainly due to the inclusion of Vitaquest as a new member of the Group in 2006.

As a result of the rights issue in May 2006, the exercise prices of the 3 lots of stock options granted in September 2002, January 2003 and January 2004 to the employees of the Group had been adjusted to HK\$1.422, HK\$1.286 and HK\$1.568 respectively. Other than these adjustments, the Group’s remuneration policies and fringe benefits remained basically the same as before. The Group would ensure the pay levels of its employees are competitive and are rewarded on a performance related basis within the general framework of the Group’s salary and bonus system.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2006 (2005: Nil).

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2006

	<i>Notes</i>	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Turnover	3	2,197,118	694,379
Cost of sales		<u>(1,369,928)</u>	<u>(386,536)</u>
		827,190	307,843
Other income	4	43,382	80,412
Staff costs	5	(283,269)	(142,711)
Depreciation		(31,888)	(28,836)
Amortization of intangible assets		(22,282)	(4,758)
Fair value change of investments at fair value through profit and loss / derivatives financial instruments		(10,007)	(28,165)
Other operating expenses		(389,745)	(151,482)
Finance costs	6	(37,866)	(19,494)
Share of results of associates		2,930	3,337
Profit before taxation		<u>98,445</u>	<u>16,146</u>
Taxation	7	(1,653)	(5,368)
Profit for the year		<u><u>96,792</u></u>	<u><u>10,778</u></u>
Attributable to:			
Equity holders of the Company		102,022	12,234
Minority interests		(5,230)	(1,456)
		<u><u>96,792</u></u>	<u><u>10,778</u></u>
Earnings per share	8		
- Basic		<u><u>1.16 cents</u></u>	<u><u>0.17 cent</u></u>
- Diluted		<u><u>1.16 cents</u></u>	<u><u>0.17 cent</u></u>

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	<i>Notes</i>	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Non-current assets			
Property, plant and equipment		358,180	359,953
Prepaid lease for land		12,700	27,827
Intangible assets		3,077,477	738,738
Interests in associates		72,909	30,922
Debt investment		-	174,179
Available-for-sale investments		155,727	210,879
Investments at fair value through profit and loss		920,265	1,280,331
Deferred taxation		19,178	7,216
		<u>4,616,436</u>	<u>2,830,045</u>
Current assets			
Debt investment		-	36,986
Investments at fair value through profit and loss		12,709	48,346
Derivative financial instruments		19,544	22,361
Inventories		320,489	127,914
Receivables and prepayments	<i>10</i>	502,852	202,990
Taxation		-	808
Deposit with financial institution		47,931	39,000
Bank balances and deposits		411,693	372,433
		<u>1,315,218</u>	<u>850,838</u>
Current liabilities			
Payables and accruals	<i>11</i>	(438,286)	(216,958)
Bank loans		-	(93,080)
Finance lease obligations		(2,222)	(559)
Derivative financial instruments		(63,630)	(54,736)
Taxation		(16,057)	-
		<u>(520,195)</u>	<u>(365,333)</u>
Net current assets		<u>795,023</u>	<u>485,505</u>
Total assets less current liabilities		<u>5,411,459</u>	<u>3,315,550</u>
Non-current liabilities			
Bank loans		(322,877)	(461,200)
Loan from a minority shareholder		(23,828)	(34,252)
Finance lease obligations		(1,505)	(1,741)
Deferred taxation		(101,225)	(34,270)
		<u>(449,435)</u>	<u>(531,463)</u>
Total net assets		<u>4,962,024</u>	<u>2,784,087</u>
Capital and reserves			
Share capital		961,107	640,738
Share premium and reserves		3,985,346	2,095,522
Equity attributable to equity holders of the Company		<u>4,946,453</u>	<u>2,736,260</u>
Minority interests		15,571	47,827
Total equity		<u>4,962,024</u>	<u>2,784,087</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Share capital	Share premium	Investment revaluation reserve	Exchange reserve	Employee share-based compensation reserve	Accumulated losses	Equity attributable to equity holders of the Company	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	640,738	2,392,185	42,295	1,950	7,563	(289,446)	2,795,285	49,283	2,844,568
Loss on fair value changes of available-for-sale investments	-	-	(25,807)	-	-	-	(25,807)	-	(25,807)
Exchange difference on translation of financial statements of overseas operations	-	-	-	(1,985)	-	-	(1,985)	-	(1,985)
Net loss recognized directly in equity	-	-	(25,807)	(1,985)	-	-	(27,792)	-	(27,792)
Realized on disposal/redemption of financial instruments	-	-	(44,090)	-	-	-	(44,090)	-	(44,090)
Profit for the year	-	-	-	-	-	12,234	12,234	(1,456)	10,778
Total recognized income and expenses for the year	-	-	(69,897)	(1,985)	-	12,234	(59,648)	(1,456)	(61,104)
Employees' share options benefits	-	-	-	-	623	-	623	-	623
At 1 January 2006	640,738	2,392,185	(27,602)	(35)	8,186	(277,212)	2,736,260	47,827	2,784,087
Gain on fair value changes of available-for-sale investments	-	-	4,657	-	-	-	4,657	-	4,657
Exchange difference on translation of financial statements of overseas operations	-	-	-	27,261	-	-	27,261	2,742	30,003
Net profit recognized directly in equity	-	-	4,657	27,261	-	-	31,918	2,742	34,660
Profit for the year	-	-	-	-	-	102,022	102,022	(5,230)	96,792
Total recognized income and expenses for the year	-	-	4,657	27,261	-	102,022	133,940	(2,488)	131,452
Shares issued under rights issue	320,369	1,762,030	-	-	-	-	2,082,399	-	2,082,399
Transaction costs arising from rights issue	-	(6,672)	-	-	-	-	(6,672)	-	(6,672)
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-	7,705	7,705
Arising from acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(1,709)	(1,709)
Arising from disposal of a subsidiary	-	-	-	-	-	-	-	(44,607)	(44,607)
Fair value adjustments on loan from minority shareholder	-	-	-	-	-	-	-	12,827	12,827
Deferred tax liability of fair value adjustments on loan from minority shareholder	-	-	-	-	-	-	-	(3,984)	(3,984)
Employees' share options benefits	-	-	-	-	526	-	526	-	526
At 31 December 2006	961,107	4,147,543	(22,945)	27,226	8,712	(175,190)	4,946,453	15,571	4,962,024

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND OPERATIONS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of the Stock Exchange.

The financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Company.

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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are either effective for the accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material impact on how the financial statements of the Group for the current or prior financial years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective for the financial period beginning 1 January 2006. However, the directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on how the results and the financial position of the Group are prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-Int 8	Scope of HKFRS 2 ³
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁶

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 March 2006

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

3. TURNOVER

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:

	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Environment	549,922	425,317
Health	1,388,635	117,167
Investment income	258,561	151,895
	<u>2,197,118</u>	<u>694,379</u>

4. OTHER INCOME

	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Included in other income are:		
Interest income from bank deposits	18,193	14,200
Gain on disposal/redemption of available-for-sale investments	-	33,794
Gain on disposal/redemption of investments at fair value through profit and loss	10,735	29,349
	<u>10,735</u>	<u>29,349</u>

5. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK\$470,712,000 (2005: HK\$172,579,000) of which HK\$26,732,000 (2005: HK\$25,092,000) relating to development activities was capitalized and HK\$160,711,000 (2005: HK\$4,776,000) relating to direct labour costs was allocated to cost of sales.

Staff costs also include operating lease rentals of HK\$1,043,000 (2005: HK\$923,000) in respect of accommodation provided to staff.

6. FINANCE COSTS

	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Interest on:		
Bank loans wholly repayable within 5 years	35,513	17,226
Other loan	-	692
Loan from a minority shareholder	2,149	1,470
Finance leases	204	106
	<u>37,866</u>	<u>19,494</u>

7. TAXATION

	2006 HK\$'000	2005 HK\$'000
Current tax:		
Hong Kong	114	-
Other jurisdictions	17,696	6,501
Over provision in prior year:		
Other jurisdictions	(35)	
Deferred tax:		
Hong Kong	(153)	(843)
Other jurisdictions	(15,969)	(290)
	<u>1,653</u>	<u>5,368</u>

Hong Kong profits tax has been provided at the rate of 17.5%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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:

	2006 HK\$'000	2005 HK\$'000
Profit for the year		
Profit for calculating basic and diluted earnings per share	<u>102,022</u>	<u>12,234</u>
Number of shares		
Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	<u>8,759,610,000</u>	<u>7,201,896,918</u>

The weighted average number of ordinary shares used in the calculation of earnings per share for the year ended 31 December 2006 has accounted for the issuance of new shares pursuant to the rights issue which was completed on 10 May 2006. The corresponding number of ordinary shares for 2005 has been retrospectively adjusted to reflect the said rights issue.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options for the two years ended 31 December 2006 and 2005.

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2006 (2005: Nil).

10. RECEIVABLES AND PREPAYMENTS

	<u>2006</u>	<u>2005</u>
	HK\$'000	HK\$'000
Trade receivables	391,480	122,021
Other receivables, deposits and prepayments	111,372	80,969
	<u>502,852</u>	<u>202,990</u>
<u>Trade receivables</u>		
Aged 0 to 90 days	359,183	116,640
Aged more than 90 days	32,297	5,381

The Group has a policy of allowing an average credit period of 30 to 90 days to its customers.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

11. PAYABLES AND ACCRUALS

	<u>2006</u>	<u>2005</u>
	HK\$'000	HK\$'000
Trade payables	289,754	79,989
Other payables and accrued charges	148,532	136,969
	<u>438,286</u>	<u>216,958</u>
<u>Trade payables</u>		
Aged 0 to 90 days	249,469	78,342
Aged more than 90 days	40,285	1,647

The directors consider that the carrying amount of trade and other payable approximates their fair value.

12. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segments and secondary geographical segments.

(a) Business segments

	Environment		Health		Investment		Unallocated		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	549,922	425,317	1,388,635	117,167	258,561	151,895	-	-	2,197,118	694,379
Segment results	8,505	(21,482)	92,089	(5,316)	169,556	187,060	-	-	270,150	160,262
Other income	-	-	-	-	-	-	-	-	-	4,277
Business development expenditure	-	-	-	-	-	-	(41,212)	(28,889)	(41,212)	(28,889)
Research and development expenditure	-	-	-	-	-	-	(17,402)	(26,843)	(17,402)	(26,843)
Corporate expenses	-	-	-	-	-	-	(78,155)	(76,504)	(78,155)	(76,504)
Finance costs	-	-	-	-	-	-	(37,866)	(19,494)	(37,866)	(19,494)
Share of results of associates	2,930	3,337	-	-	-	-	-	-	2,930	3,337
Profit before taxation									98,445	16,146
Taxation									(1,653)	(5,368)
Profit for the year									96,792	10,778
Segment assets	500,852	617,749	3,643,341	651,242	1,111,160	1,819,390	-	-	5,255,353	3,088,381
Interests in associates	72,909	30,922	-	-	-	-	-	-	72,909	30,922
Bank balances and cash	-	-	-	-	-	-	-	-	411,693	372,433
Other assets	-	-	-	-	-	-	-	-	191,699	189,147
Total assets									5,931,654	3,680,883
Segment liabilities	(106,076)	(118,777)	(295,652)	(24,081)	(61,274)	(96,115)	-	-	(463,002)	(238,973)
Other liabilities	-	-	-	-	-	-	-	-	(506,628)	(657,823)
Total liabilities									(969,630)	(896,796)
Other information										
Amortization of intangible assets	2,776	2,781	19,506	1,977	-	-	-	-	22,282	4,758
Depreciation	11,210	6,685	23,253	8,196	-	-	11,508	17,007	45,971	31,888
Capital additions	15,408	23,143	2,493,656	65,149	-	-	2,079	11,059	2,511,143	99,351
Allowances for bad debts	(49)	1,166	8,750	-	-	-	-	-	8,701	1,166
Inventories written off	19	820	4,089	23	-	-	-	-	4,108	843

(b) Geographical segments

Turnover is analysed by the Group's sales by geographical market while the carrying amount of segments assets and capital additions is analysed by the geographical area in which the segment assets are located.

	Turnover		Segment assets		Capital additions	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong <i>(Note)</i>	181,092	17,059	544,731	396,987	55,014	62,183
Canada	166,579	111,300	464,452	441,333	8,893	2,603
Mainland China	121,503	138,109	52,088	243,143	19,307	28,732
Other Asian countries	12,680	7,444	5,781	50,193	-	-
Australia	415,517	278,062	461,560	382,041	14,948	3,747
America <i>(Note)</i>	1,215,842	28,762	3,059,348	345,202	2,410,970	-
Europe <i>(Note)</i>	83,905	113,643	667,393	1,229,482	2,011	2,086
	<u>2,197,118</u>	<u>694,379</u>	<u>5,255,353</u>	<u>3,088,381</u>	<u>2,511,143</u>	<u>99,351</u>

Note : including financial instruments

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

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance 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 year ended 31 December 2006.

AUDIT COMMITTEE

The GEM Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. 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 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 annual results for the year ended 31 December 2006 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 10 May 2007 at 10:30 a.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 3 May 2007 to Thursday, 10 May 2007, both days inclusive, during which period no transfer of shares will be effected. All share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 2 May 2007.

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 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.