
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CK Life Sciences Int'l. (Holdings) Inc., you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING,
PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES
AND
CONTINUING CONNECTED TRANSACTIONS – RENEWAL OF THE EXISTING CKH
SUPPLY AGREEMENT AND THE EXISTING HIL SUPPLY AGREEMENT**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders
in relation to the Continuing Connected Transactions**



道亨證券有限公司

DaoHengSecurities Ltd.

A proxy form for use at the Annual General Meeting of the Company to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on 12 May 2005 is enclosed with this circular. The proxy form can also be downloaded from the GEM website at www.hkgem.com and from the Company's website at www.ck-lifesciences.com. Whether or not you are able to attend the Annual General Meeting in person, please complete, sign and return the proxy form in accordance with the instructions printed thereon to the principal place of business of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish. The Notice of Annual General Meeting is set out on pages 43 to 46 of this circular.

This circular, 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 circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

In relation to the Ordinary Resolutions for approving the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the relevant annual caps, a letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Dao Heng Securities Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 26 of this circular.

This circular 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.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET

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

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the corresponding meanings:

“Announcement”	the announcement of the Company dated 29 March 2005 in relation to the New Continuing Connected Transactions
“Annual General Meeting”	the annual general meeting of the Company to be held on Thursday, 12 May 2005 at 10:30 a.m. at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong to approve, inter alia, the Ordinary Resolutions
“Articles of Association”	the articles of association of the Company as may be amended from time to time
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules (as may be amended from time to time)
“Board”	the board of Directors
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CKH Group”	CKH, its subsidiaries and its associates (excluding the HWL Group and the Group) from time to time
“Company”	CK Life Sciences Int’l., (Holdings) Inc., an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Dao Heng”	Dao Heng Securities Limited, a deemed licensed corporation under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Director(s)”	the director(s) of the Company
“Existing CKH Supply Agreement”	the agreement dated 29 August 2003 made between the Company and CKH in relation to provision of the Products by members of the Group to members of the CKH Group
“Existing Continuing Connected Transactions”	the existing transactions between members of the Group and members of the CKH Group and HIL and its subsidiaries under or pursuant to the respective Existing Supply Agreements
“Existing HIL Supply Agreement”	the agreement dated 29 August 2003 made between the Company and HIL in relation to provision of the Products by members of the Group to HIL and its subsidiaries

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“Existing Supply Agreements”	the Existing CKH Supply Agreement and the Existing HIL Supply Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“HIL”	Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HWL
“HIL Group”	HIL, HIL’s subsidiaries from time to time, and the companies in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of voting power at general meetings of such companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“HWL Group”	HWL and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board consisting of the independent non-executive Directors, namely, Professor Wong Yue-chim, Richard, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel
“Independent Shareholders”	in relation to the New Continuing Connected Transactions, Shareholders other than the connected persons who are interested in the New Continuing Connected Transactions
“Latest Practicable Date”	12 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Model Code”	the Model Code on Securities Transactions by Directors adopted by the Company
“New CKH Continuing Connected Transactions”	the transactions under or pursuant to the New CKH Supply Agreement

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“New CKH Supply Agreement”	the conditional agreement dated 29 March 2005 made between the Company and CKH in relation to the provision of the Products by members of the Group to members of the CKH Group, details of which are set out in the sub-paragraph headed “ <i>A. The New CKH Supply Agreement</i> ” of the paragraph headed “(3) The New Continuing Connected Transactions” under the section headed “5. Continuing Connected Transactions – Renewal of the Existing CKH Supply Agreement and the Existing HIL Supply Agreement” of the “Letter from the Board” in this circular
“New Continuing Connected Transactions”	the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions
“New HIL Continuing Connected Transactions”	the transactions under or pursuant to the New HIL Supply Agreement
“New HIL Supply Agreement”	the conditional agreement dated 29 March 2005 made between the Company and HIL in relation to the provision of the Products by members of the Group to members of the HIL Group, details of which are set out in the sub-paragraph headed “ <i>B. The New HIL Supply Agreement</i> ” of the paragraph headed “(3) The New Continuing Connected Transactions” under the section headed “5. Continuing Connected Transactions – Renewal of the Existing CKH Supply Agreement and the Existing HIL Supply Agreement” of the “Letter from the Board” in this circular
“New Supply Agreements”	the New CKH Supply Agreement and the New HIL Supply Agreement
“Notice of Annual General Meeting”	the notice for convening the Annual General Meeting as set out on pages 43 to 46 of this circular
“Ordinary Resolutions”	the ordinary resolutions to be proposed at the Annual General Meeting to approve (i) election of Directors; (ii) general mandates to issue and repurchase Shares; and (iii) the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the relevant annual caps
“Products”	the health food and dietary supplement products, including but not limited to those marketed under the trademark VitaGain®; the eco-agricultural products, including but not limited to the fertiliser products marketed under the trademark NutriSmart®; the animal feed additives, including but not limited to those marketed under the trademark AgiPro®; the bioremediation products for treatments of environmental pollutants, including but not limited to those marketed under

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	the trademark WonderTreat®; as well as human health care and skin care products in the New Continuing Connected Transactions, in each case to be provided by the Group to the CKH Group and the HIL Group (as the case may be) from time to time, as may be agreed between the relevant member of the Group and the CKH Group and the HIL Group respectively
“Sales Related Payments”	in connection with the provision of the Products by the Group to HIL and its subsidiaries under the Existing HIL Supply Agreement and to relevant members of the HIL Group under the New HIL Supply Agreement, the advertising and promotional fees and royalties, display rentals, upfront payments or premiums and/or such other payments (in respect of the New HIL Continuing Connected Transactions, including without limitation, payments for consultancy, management and/or merchandizing services to be rendered by the HIL Group to the Group) to be payable by the Group to HIL and its subsidiaries and to relevant members of the HIL Group respectively, as may be agreed under the separate and definitive agreements between them pursuant to the Existing HIL Supply Agreement and the New HIL Supply Agreement respectively
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)” or “Member(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 26 June 2002
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or such nominal amount resulting from the sub-division, consolidation, reclassification or reconstruction of the share capital from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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)

Board of Directors

Executive Directors

LI Tzar Kuoi, Victor *Chairman*

KAM Hing Lam *President and Chief Executive Officer*

IP Tak Chuen, Edmond *Senior Vice President and Chief Investment Officer*

YU Ying Choi, Alan Abel *Vice President and Chief Operating Officer*

PANG Shiu Fun *Vice President and Chief Technology Officer*

CHU Kee Hung *Vice President and Chief Production Officer*

LAM Hing Chau, Leon *Vice President and Chief Financial Officer*

Non-executive Directors

Peter Peace TULLOCH *Non-executive Director*

WONG Yue-chim, Richard *Independent Non-executive Director*

KWOK Eva Lee *Independent Non-executive Director*

Colin Stevens RUSSEL *Independent Non-executive Director*

Company Secretary

Eirene YEUNG

Registered Office

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

Head Office

2 Dai Fu Street

Tai Po Industrial Estate

Tai Po, Hong Kong

Principal Place of Business

7th Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

19 April 2005

Dear Shareholder(s),

**PROPOSED ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING,
PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES
AND
CONTINUING CONNECTED TRANSACTIONS – RENEWAL OF THE EXISTING CKH
SUPPLY AGREEMENT AND THE EXISTING HIL SUPPLY AGREEMENT**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding Ordinary Resolutions to be proposed at the Annual General Meeting. These include (i) the Ordinary Resolutions proposing election of Directors who are due to retire at the Annual General Meeting or who shall hold office only until the Annual General Meeting pursuant to the Articles of Association; (ii) the Ordinary Resolutions granting the Directors general mandates to issue and repurchase Shares; and (iii) the Ordinary Resolutions to approve the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the relevant annual caps; and to give you Notice of Annual General Meeting at which the Ordinary Resolutions as set out in the Notice of Annual General Meeting will be proposed.

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In relation to the New Continuing Connected Transactions, this circular also provides you with further information on the transactions and sets out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the letter from Dao Heng containing its advice to the Independent Board Committee and the Independent Shareholders.

2. PROPOSED ELECTION OF DIRECTORS

In accordance with Article 99 of the Articles of Association, any Director(s) appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Colin Stevens Russel being the Independent Non-executive Director so appointed, shall hold office until the Annual General Meeting and, being eligible, has offered himself for re-election. Mr. Russel has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that Mr. Russel meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and is independent in accordance with the terms of the guidelines.

Further, in accordance with Article 116 of the Articles of Association, Mr. Yu Ying Choi, Alan Abel, Dr. Pang Shiu Fun and Dr. Chu Kee Hung will retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-election.

Details of the above Directors that are required to be disclosed under the GEM Listing Rules are set out in **Appendix I** to this circular.

Any Shareholder who wishes to nominate a person to stand for election as a Director at the Annual General Meeting must lodge with the Company at its principal place of business at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong within the period from Wednesday, 20 April 2005 to Tuesday, 26 April 2005, both days inclusive, (i) his written nomination of the candidate, (ii) written confirmation from such nominated candidate of his willingness to be elected as Director and (iii) the biographical details of such nominated candidate as required under Rule 17.50(2) of the GEM Listing Rules for publication by the Company.

3. PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

A general mandate is proposed to be unconditionally given to the Board to issue and dispose of additional shares (in addition to ordinary shares issued under the Share Option Scheme) not exceeding 20% of the issued share capital of the Company at the date of the resolution until the next annual general meeting. The relevant resolution is set out as Ordinary Resolution No. 4(1) in the Notice of Annual General Meeting ("Ordinary Resolution No. (1)").

Concerning Ordinary Resolution No. (1), the Directors wish to state that they have no immediate plans to issue any new Shares. Approval is being sought from the Shareholders as a general mandate for the purposes of the GEM Listing Rules.

LETTER FROM THE BOARD

4. PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 20 May 2004, a general mandate was given to the Board to exercise the power of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to seek your approval of the Ordinary Resolution No. 4(2) as set out in the Notice of Annual General Meeting (“Ordinary Resolution No. (2)”) to give a fresh general mandate to the Board to exercise the power of the Company to repurchase Share(s).

An explanatory statement, as required by the relevant rules set out in the GEM Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide requisite information to you for your consideration of the proposal to authorize the Board to exercise the power of the Company to repurchase Share(s) up to a maximum of 10% of the issued share capital of the Company at the date of Ordinary Resolution No. (2) (“Repurchase Proposal”) is set out in **Appendix II** to this circular.

5. CONTINUING CONNECTED TRANSACTIONS – RENEWAL OF THE EXISTING CKH SUPPLY AGREEMENT AND THE EXISTING HIL SUPPLY AGREEMENT

Reference is made to the Announcement. Pursuant to the requirements of the GEM Listing Rules, the Company is required to seek Independent Shareholders’ approval in relation to the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions, which will constitute non-exempt continuing connected transactions under the GEM Listing Rules, and the respective annual caps.

(1) Background

The Group has been conducting the Existing Continuing Connected Transactions, as announced on 29 August 2003. At the extraordinary general meeting of the Company held on 26 September 2003, the then independent Shareholders approved the Group to conduct the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing Supply Agreements for a period up to 31 December 2005, subject to certain conditions. Details of the Existing Continuing Connected Transactions were disclosed in the announcement and circular of the Company dated 29 August 2003 and 10 September 2003 respectively. The Existing Supply Agreements and the period covered by the approval in respect of them will expire on 31 December 2005. A brief summary of the Existing Supply Agreements is set out below:

- (1) Existing CKH Supply Agreement – CKH engages the Company and the Company agrees to provide and/or procure members of the Group to provide the Products to the CKH Group for use or consumption and/or for sale and distribution on a non-exclusive basis for a term from 1 January 2003 to 31 December 2005; and

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- (2) Existing HIL Supply Agreement – HIL engages the Company and the Company agrees to provide and/or procure members of the Group to provide the Products to HIL and its subsidiaries for sale and distribution on a non-exclusive basis for a term from 1 May 2003 to 31 December 2005. In that connection, relevant members of the Group may make the Sales Related Payments to HIL and/or its subsidiaries.

(2) The Existing Continuing Connected Transactions

The aggregate amount of each of the Existing Continuing Connected Transactions for each of the two financial years ended 31 December 2004 is set out below:

Existing Continuing Connected Transactions		Aggregate amount (in HK\$)	
		For the year ended 31/12/2003	For the year ended 31/12/2004
1.	The value of the Products provided to the CKH Group pursuant to the Existing CKH Supply Agreement	40,250	30,000
2.	Existing HIL Supply Agreement:–		
	(a) the value of the Products provided to HIL and its subsidiaries;	2,715,210	3,262,031
	(b) the value of the Sales Related Payments paid by the Group	834,150	647,460

For each of the two financial years ended 31 December 2004, none of the aggregate amount of the Existing Continuing Connected Transactions exceeded their respective annual cap amounts as approved by the then independent Shareholders in 2003.

(3) The New Continuing Connected Transactions

It is expected that the Group, the CKH Group and the HIL Group will from time to time continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the Existing Supply Agreements on 31 December 2005. Details of the New Continuing Connected Transactions are as follows:–

A. *The New CKH Supply Agreement*

Date: 29 March 2005

Parties: (i) The Company
(ii) CKH

Condition precedent: conditional upon approval by Independent Shareholders

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Duration: a term of 3 years from 1 January 2006 to 31 December 2008

Goods provided: the Products

Subject to the terms and conditions of the New CKH Supply Agreement, the Company agrees to continue to provide and/or procure members of the Group to provide the Products to the CKH Group and CKH agrees to continue to purchase and/or procure members of the CKH Group (in respect of associates of CKH which are not subsidiaries of CKH, to procure with reasonable endeavours only) to purchase the Products from the Group for use or consumption and/or for sale and distribution by the CKH Group both locally and overseas on a non-exclusive basis after the expiry of the Existing CKH Supply Agreement and during the term of the New CKH Supply Agreement.

Similar to the Existing CKH Supply Agreement, the New CKH Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the CKH Group. Pursuant to the New CKH Supply Agreement, members of the Group and the CKH Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the New CKH Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties and other terms and conditions in relation to the provision of the Products by the Group to the CKH Group. The parties agree that such detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

Proposed annual caps

The Directors project that under the New CKH Supply Agreement, the value of the Products to be provided or to be agreed to be provided by the Group to the CKH Group will not exceed the amounts set out below:–

- (i) For the year ending 31 December 2006 – HK\$200,000
- (ii) For the year ending 31 December 2007 – HK\$300,000
- (iii) For the year ending 31 December 2008 – HK\$400,000.

Approval will be sought from the Independent Shareholders in respect of the New CKH Continuing Connected Transactions. It will be one of the conditions of the approval of the Independent Shareholders that the value of the New CKH Continuing Connected Transactions shall not exceed certain annual caps detailed below, which are set by reference to the above annual figures.

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Basis of caps

The estimated annual figures proposed above are determined by reference to (i) the anticipated increase in the sale prices of the Products; (ii) the anticipated growth in the sales volume of the Products to or through the CKH Group and (iii) the anticipated increase in the number of new Products to be launched and made available to the CKH Group.

B. The New HIL Supply Agreement

Date:	29 March 2005
Parties:	(i) The Company (ii) HIL
Condition precedent:	conditional upon approval by Independent Shareholders
Duration:	a term of 3 years from 1 January 2006 to 31 December 2008
Goods provided:	the Products

Subject to the terms and conditions contained in the New HIL Supply Agreement, the Company agrees to continue to provide and/or procure members of the Group to provide the Products to the HIL Group and HIL agrees to continue to purchase and/or procure members of the HIL Group (in respect of those members of the HIL Group in which HIL is directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of voting power at general meetings of such companies, to procure with reasonable endeavours only) to purchase the Products from the Group, for sale and distribution by the HIL Group both locally and overseas on a non-exclusive basis after the expiry of the Existing HIL Supply Agreement and during the term of the New HIL Supply Agreement. In connection with the supply of the Products, relevant members of the Group may make the Sales Related Payments to relevant members of the HIL Group, which are expected to include advertising and promotional fees and royalties, display rentals, upfront payments or premium and/or such other payments (including without limitation, payments for consultancy, management and/or merchandizing services to be rendered by the HIL Group).

Similar to the Existing HIL Supply Agreement, the New HIL Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the HIL Group. Pursuant to the New HIL Supply Agreement, members of the Group and the HIL Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the New HIL Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be

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supplied, the price of the Products, payment and settlement terms, product warranties, the amounts of the Sales Related Payments payable by the Group to the HIL Group and other terms and conditions in relation to the provision of the Products by the Group to the HIL Group. The parties agree that such detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

Proposed annual caps

The Directors project that under the New HIL Supply Agreement:–

- (a) the value of the Products to be provided or to be agreed to be provided by the Group to the HIL Group will not exceed the amounts set out below:–
 - (i) For the year ending 31 December 2006 – HK\$70,000,000
 - (ii) For the year ending 31 December 2007 – HK\$120,000,000
 - (iii) For the year ending 31 December 2008 – HK\$200,000,000; and
- (b) the value of the Sales Related Payments payable by the Group to the HIL Group will not exceed the amounts set out below:–
 - (i) For the year ending 31 December 2006 – HK\$21,000,000
 - (ii) For the year ending 31 December 2007 – HK\$36,000,000
 - (iii) For the year ending 31 December 2008 – HK\$60,000,000.

Approval will be sought from the Independent Shareholders in respect of the New HIL Continuing Connected Transactions. It will be one of the conditions of the approval of the Independent Shareholders that the value of the New HIL Continuing Connected Transactions shall not exceed certain annual caps detailed below, which are set by reference to the above annual figures.

Basis of caps

The estimated annual figures proposed in (a) above are determined by reference to (i) the sales volume for the year ended 31 December 2004 and the projected sales volume for the year ending 31 December 2005 of the Products to the HIL Group or through the distribution channels of the HIL Group; (ii) the estimated increase in the sales price of the Products; (iii) the anticipated increase in the number of the Products to be launched and made available for sale by the HIL Group; and (iv) the expected expansion of distribution channels for the Products through a wider scope of outlet coverage of the HIL Group.

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With regard to the sales of the Products to the HIL Group or through the distribution channels of the HIL Group, it is assumed that:–

- (i) in Asia (excluding Hong Kong) and Europe, the expected sales of the Products is expected to be approximately HK\$56,000,000 in the year ending 31 December 2006 and it is expected that there will be about 75% increase year on year in each of the years from 2007 to 2008; and
- (ii) in Hong Kong, the expected sales of the Products is expected to be approximately HK\$12,230,000 for the year ending 31 December 2006 and it is expected that there will be about 50% increase year on year in each of the years from 2007 to 2008.

During the financial year ended 31 December 2004, several new Products were launched under the Product lines of the health food and dietary supplement products. In the past years, the Group's initial focus was on the Hong Kong market because:–

- (1) the Group would have competitive advantage to develop its market in Hong Kong first due to its business connection in and market knowledge of Hong Kong. With the outbreak of the Severe Acute Respiratory Syndrome in Hong Kong in early 2003, there was a great opportunity for the Group to start and concentrate its marketing activities and efforts on promoting its immuno-enhancing products under the Product lines in respect of the health food and dietary supplement products so as to build up its brand name and to obtain its market share within a very short period of time; and
- (2) a lot of documentation and preparation work is required in order to comply with the overseas product registration requirements.

The Company currently anticipates that the total number of new lines of Products that may be launched and made available to the HIL Group by the Group for a period of three years commencing from 1 January 2006 will be in the range of about one to four. However, these figures may vary depending on numerous factors, including the progress of research and development of the Products under the new Product lines, the market reception of the new Products and the market condition at the time of proposed launch of the new Products and throughout the duration of the New HIL Supply Agreement and the completion of registration requirements of some of the Products in different countries prior to launch in the market.

As at the date of the Announcement, the HIL Group had over 4,800 outlets in Asia and Europe. Currently, the Products are being sold in about 150 outlets of the HIL Group in the area of Hong Kong only. The Group considers that, with its initial focus in Hong Kong, it has built up its brand name over the past years. The Group also considers that the product registration work overseas in relation to certain Products is also at the close-to-finalization stage. On such premise, the Group expects that it will be ready to implement its expansion plan in the

LETTER FROM THE BOARD

overseas market starting from 2006. So long as the product registration requirements in relevant countries are completed, the Group intends to take advantage of the worldwide well-established and extensive outlet coverage of the HIL Group. On the above basis, the Group expects to gradually penetrate into the outlets of the HIL Group globally and it is therefore anticipated that the number of outlets of the HIL Group in which the Products would be made available for sale will increase substantially in the coming years.

The estimated annual figures of the Sales Related Payments proposed in (b) above are determined based on the projected sales value set out in (a) above and on the assumption that the Sales Related Payments will amount to approximately 30% of such sales with reference to the current practice of the distributors and the retailers and particularly the value of the Products to be sold in the outlets of the HIL Group outside Hong Kong.

The Directors confirm that the New Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis between the relevant members of the Group and the CKH Group or the HIL Group (as the case may be). In particular, the terms and conditions (including the price chargeable by the Group) for the provision of the Products by the Group to the relevant members of the CKH Group or the HIL Group (as the case may be) will be on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

(4) Reasons for entering into the New Continuing Connected Transactions

The supply of the Products pursuant to the Existing Supply Agreements and the related transactions have formed part of the normal commercial activities of the Group. The transactions are also normal business activities of the relevant members of the CKH Group and HIL and its subsidiaries. In the case of the New HIL Supply Agreement, the transactions would also enable the Group to take advantage of the wide distribution channels and extensive retail outlets of the HIL Group.

(5) New Continuing Connected Transactions and requirements under the GEM Listing Rules

Relationship with CKH and HIL

As at the Latest Practicable Date, (i) CKH is interested in approximately 44.01% of the issued share capital of the Company and thus is a substantial shareholder of the Company; and (ii) CKH is interested in approximately 49.97% of the issued share capital in HWL, and HIL, a wholly-owned subsidiary of HWL, is thus an associate of CKH. Therefore, the CKH Group and the HIL Group are connected persons of the Company under the GEM Listing Rules, and transactions under each of the Existing Supply Agreements constitute connected transactions of the Company under the GEM Listing Rules.

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New Continuing Connected Transactions

As the New Continuing Connected Transactions involve provision of goods on a continuing and recurring basis and are expected to extend over a period of time, those transactions will constitute continuing connected transactions of the Company under the GEM Listing Rules.

In respect of the total amount of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions, as it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 19 of the GEM Listing Rules will, on an annual basis, not be less than 2.5% and the annual consideration is expected to be higher than HK\$10,000,000, the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions will constitute non-exempt continuing connected transactions under the GEM Listing Rules; and the Company is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules. Accordingly, the Company will seek the approval of the Independent Shareholders by way of poll for the Group to conduct the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions respectively for the period from 1 January 2006 up to 31 December 2008 on the condition that the transactions shall not exceed the relevant annual caps set out below:–

Category of the New Continuing Connected Transactions		Proposed annual caps (in HK\$)		
		For the year ending 31/12/2006	For the year ending 31/12/2007	For the year ending 31/12/2008
1.	The value of the Products to be provided under the New CKH Continuing Connected Transactions	200,000	300,000	400,000
2.	The New HIL Continuing Connected Transactions:–			
	(a) the value of the Products to be provided to the HIL Group;	70,000,000	120,000,000	200,000,000
	(b) the value of the Sales Related Payments payable by the Group	21,000,000	36,000,000	60,000,000

If there are material changes to the terms of any of the New Supply Agreements mentioned above or the relevant annual caps stated above are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

LETTER FROM THE BOARD

(6) Business of the Group, CKH Group and HIL

The business operations of the Group primarily include, inter alia, research and development, commercialization, marketing and sale of biotechnology products as well as investments in financial instruments/products. Products developed by the Group are categorized into areas of human health and environmental sustainability. A number of the inventions were granted patents by the US Patent and Trademark Office.

The principal activities of the CKH Group are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investments in securities.

The principal activities of HIL are investment holdings. HIL is a wholly-owned subsidiary of HWL. The HWL Group operates and invests in five core businesses: ports and related services; property and hotels; retail and manufacturing; energy, infrastructure, finance and investments; and telecommunications.

(7) Independent Shareholders' approval in respect of the New Continuing Connected Transactions

Ordinary Resolutions will be proposed at the Annual General Meeting to approve by way of poll the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions respectively and the respective annual caps mentioned in sub-paragraph (5) above. Please refer to the section headed "6. The Annual General Meeting" of this letter for details of the Annual General Meeting. CKH, HIL and their respective associates will be required to abstain from voting in both the said Ordinary Resolutions.

As far as the Company was aware having made all reasonable enquiries, as at the Latest Practicable Date:–

- (a) CKH, HIL and their respective associates controlled or were entitled to exercise control over the voting right in respect of their respective Shares;
- (b) (i) there were no voting trusts or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any of CKH, HIL or their respective associates; and
(ii) there were no obligation or entitlement of CKH, HIL and their respective associates,

whereby it/they had or might have temporarily or permanently passed control over the exercise of the voting right in respect of its/their Shares to a third party, either generally or on a case-by-case basis; and

LETTER FROM THE BOARD

- (c) there is no discrepancy between the beneficial shareholding interests of CKH, HIL or their respective associates in the Company and the number of Shares in respect of which it/they would control or would be entitled to exercise control over the voting right at the relevant Ordinary Resolutions to approve the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps.

The Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Dao Heng has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps.

6. THE ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 12 May 2005 at 10:30 a.m. is set out in **Appendix IV** to this circular.

Proxy form for use at the Annual General Meeting is enclosed with this circular. The proxy form can also be downloaded from the GEM website at www.hkgem.com and from the Company's website at www.ck-lifesciences.com. Whether or not you are able to attend the Annual General Meeting in person, please complete, sign and return the proxy form in accordance with the instructions printed thereon to the principal place of business of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting should you so wish.

Your right to demand a poll on the Ordinary Resolutions is set out in **Appendix V** to this circular.

As required by Rule 20.52 of the GEM Listing Rules, the Ordinary Resolutions Nos. 4(4) and 4(5) proposed to approve the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions respectively and the respective annual caps must be taken by poll. Hence the Ordinary Resolutions Nos. 4(4) and 4(5) will be put to vote by Independent Shareholders by way of poll. CKH, HIL and their respective associates will abstain from voting in both the said Ordinary Resolutions.

In addition, pursuant to Article 80 of the Articles of Association, the Chairman of the Annual General Meeting will exercise his power to put each of the other Ordinary Resolutions to be proposed at the Annual General Meeting to the vote by way of a poll.

LETTER FROM THE BOARD

Pursuant to Rule 17.47(5) of the GEM Listing Rules, if voting at a general meeting is taken on a poll, the Company is required to announce the results of the poll in accordance with that Rule. An announcement on the outcome of the Annual General Meeting will be made by the Company in respect of the Ordinary Resolutions taken by poll after conclusion of the Annual General Meeting.

7. RECOMMENDATION

In relation to the Ordinary Resolutions Nos. 4(4) and 4(5) proposed to approve the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the respective annual caps, your attention is drawn to (i) the letter from the Independent Board Committee set out on page 18 of this circular which contains its recommendation to the Independent Shareholders concerning the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the respective annual caps; and (ii) the letter from Dao Heng set out on pages 19 to 26 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the respective annual caps and the principal factors and reasons considered by Dao Heng in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Dao Heng, considers that the New CKH Continuing Connected Transactions, the New HIL Continuing Connected Transactions and the respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In relation to the other Ordinary Resolutions set out in the Notice of the Annual General Meeting, the Directors consider that such other resolutions are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of such resolutions at the Annual General Meeting.

8. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,

By Order of the Board
Li Tzar Kuoi, Victor
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

19 April 2005

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
– RENEWAL OF THE EXISTING CKH SUPPLY AGREEMENT
AND THE EXISTING HIL SUPPLY AGREEMENT**

We refer to the circular dated 19 April 2005 issued to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned. Details of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions are set out in the text of the letter from the Board as set out on pages 5 to 17 of the Circular.

We wish to draw your attention to the letter of advice from Dao Heng as set out on pages 19 to 26 of the Circular which contains its advice and recommendation to us as to whether or not the terms of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole together with the principal factors and reasons in arriving at its recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinions of, Dao Heng as stated in its aforementioned letter of advice, we consider that the terms of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the Ordinary Resolutions to be proposed at the Annual General Meeting to approve the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions and the relevant annual caps respectively.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Wong Yue-chim, Richard Kwok Eva Lee Colin Stevens Russel

Independent Non-executive Directors

LETTER FROM DAO HENG SECURITIES LIMITED

Set out below is the text of the letter of advice from Dao Heng to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular.



19 April 2005

The Independent Board Committee and the Independent Shareholders
CK Life Sciences Int'l., (Holdings) Inc.
7th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
– RENEWAL OF THE EXISTING CKH SUPPLY AGREEMENT
AND THE EXISTING HIL SUPPLY AGREEMENT**

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in relation to the New Continuing Connected Transactions, details of which are set out in the letter from the Board in a circular of the Company dated 19 April 2005 to the Shareholders (the "Circular"), of which this letter forms part. Terms defined in the Circular shall bear the same meanings herein unless the context otherwise requires.

As at the Latest Practicable Date, CKH is interested in approximately 44.01% of the issued share capital of the Company, and therefore it is a substantial shareholder of the Company. CKH is interested in approximately 49.97% of the issued share capital of HWL, and HIL, a wholly owned subsidiary of HWL, is thus an associate of CKH. Accordingly, CKH and HIL are connected persons of the Company under the GEM Listing Rules. Since the New Continuing Connected Transactions will involve provision of the Products by members of the Group to members of the CKH Group and the HIL Group (as the case may be) on a continuing or recurring basis and are expected to extend over a period of time, such transactions constitute continuing connected transactions of the Company under the GEM Listing Rules.

In respect of the total amount of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions, as it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 19 of the GEM Listing Rules will, on an annual basis, not be less than 2.5% and the annual consideration is expected to be higher than HK\$10,000,000, the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company is subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under the GEM Listing Rules in relation to the New Continuing Connected Transactions.

LETTER FROM DAO HENG SECURITIES LIMITED

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Professor Wong Yue-chim, Richard, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel, has been formed to make a recommendation to the Independent Shareholders in relation to the New Continuing Connected Transactions. We have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Circular and as provided to us by the Directors. We have assumed that all information and representations made or referred to in the Circular and all information and representations which have been provided by the Directors, are true and accurate in all material respects and that all expectations and intentions of the Company or the Directors will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and referred to in the Circular, and we have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view. We have not, however, conducted any form of independent investigation into the businesses and affairs or the financial position or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion as to whether the terms of the New Continuing Connected Transactions and the respective annual caps are fair and reasonable in so far as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background of the New Continuing Connected Transactions

The business operations of the Group primarily include, inter alia, research and development, commercialization, marketing and sale of biotechnology products as well as investments in financial instruments/products. Products developed by the Group are categorized into areas of human health and environmental sustainability. A number of the inventions were granted patents by the US Patent and Trademark Office.

The Group has been conducting the Existing Continuing Connected Transactions and the Existing Supply Agreements were entered into between the Company and CKH and HIL respectively on 29 August 2003. Under the Existing CKH Supply Agreement, CKH engaged the Company and the Company agreed to provide and/or procure members of the Group to provide the Products to the CKH Group for use or consumption and/or for sale and distribution on a non-exclusive basis for a term from 1 January 2003 to 31 December 2005. Under the Existing HIL Supply Agreement, HIL engaged the Company and the Company agreed to provide and/or procure members of the Group to provide the Products to HIL and its subsidiaries for sale and distribution on a non-exclusive basis for a term from 1 May 2003 to 31 December 2005, and relevant members of the Group may make the Sales Related Payments to HIL and/or its subsidiaries.

At the extraordinary general meeting of the Company held on 26 September 2003, the then independent Shareholders approved the Group to conduct the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing

LETTER FROM DAO HENG SECURITIES LIMITED

Supply Agreements for a period up to 31 December 2005, subject to certain conditions. Details of the Existing Continuing Connected Transactions were disclosed in the announcement and circular of the Company dated 29 August 2003 and 10 September 2003 respectively. The Existing Supply Agreements and the period covered by such approval in respect of them will expire on 31 December 2005.

As it is expected that the Group, the CKH Group and the HIL Group will, from time to time, continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions on a continuing and recurring basis after the expiry of the Existing Supply Agreements on 31 December 2005, the Company entered into new agreements on 29 March 2005 with CKH and HIL respectively for a term of three years commencing from 1 January 2006. As mentioned in the paragraph headed “(5) New Continuing Connected Transactions and Requirements under the GEM Listing Rules” under the section headed “5. Continuing Connected Transactions – Renewal of the Existing CKH Supply Agreement and the Existing HIL Supply Agreement” in the Letter from the Board of the Circular, the Board anticipated that for the total amount of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions, the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 19 of the GEM Listing Rules will, on an annual basis, not be less than 2.5% and the annual consideration is expected to be higher than HK\$10,000,000, the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Directors therefore propose to seek approval from the Independent Shareholders for the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions which will be conducted in the period between 1 January 2006 and 31 December 2008 up to the limits specified in the relevant annual caps specified in the paragraphs below for the commercial interest of the Company.

The Directors confirm that the New Continuing Connected Transactions will be conducted in the usual and ordinary course of business of the Group, on normal commercial terms and negotiated on an arm’s length basis between the relevant members of the Group and the CKH Group or the HIL Group (as the case may be).

2. Reasons for the New Continuing Connected Transactions

Similar to the Existing CKH Supply Agreement and the Existing HIL Supply Agreement, the Products agreed to be provided by the Company under the New CKH Supply Agreement and the New HIL Supply Agreement cover the health food and dietary supplement products, including but not limited to those marketed under the trademark VitaGain®; the eco-agricultural products, including but not limited to the fertilizer products marketed under the trademark NutriSmart®; the animal feed additives, including but not limited to those marketed under the trademark AgiPro®; the bioremediation products for treatments of environmental pollutants, including but not limited to those marketed under the trademark WonderTreat®; as well as human health care and skin care products, all of which forms the diversified range of products supplied by the Group.

LETTER FROM DAO HENG SECURITIES LIMITED

As the business operations of the Group primarily include, inter alia, research and development, commercialization, marketing and sale of biotechnology products, we are of the opinion that the New Continuing Connected Transactions are entered into in the usual and ordinary course of business of the Group and form part of its own core business.

In addition, the HIL Group operated over 4,800 retail outlets in Asia and Europe as at the date of the Announcement. By leveraging on the extensive geographical coverage and the strong brand name recognition of the retail outlets owned by the HIL Group including A.S. Watsons, Savers, Superdrug, Kruidvat and Drogas, the Directors believe that the New HIL Continuing Connected Transactions would facilitate the penetration of the Products into the new markets. Accordingly, we concur with the views of the Directors in this regard and consider that the New Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

3. Terms of the New Continuing Connected Transactions

Pursuant to the New CKH Supply Agreement, the Company will continue to provide and/or procure members of the Group to provide the Products to the CKH Group and CKH agrees to continue to purchase and/or procure members of the CKH Group (in respect of associates of CKH which are not subsidiaries of CKH, to procure with reasonable endeavours only) to purchase the Products from the Group for use or consumption and/or for sale and distribution by the CKH Group both locally and overseas on a non-exclusive basis after the expiry of the Existing CKH Supply Agreement and during the term of the New CKH Supply Agreement. Similar to the Existing CKH Supply Agreement, the New CKH Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and CKH Group. Members of the Group and the CKH Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction (including but not limited to the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties and other terms and conditions in relation to the provision of the Products by the Group to the CKH Group) in accordance with the principles in the New CKH Supply Agreement. The parties to the agreement also agreed that such detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

Pursuant to the New HIL Supply Agreement, the Company will continue to provide and/or procure members of the Group to provide the Products to the HIL Group and HIL agrees to continue to purchase and/or procure members of the HIL Group (in respect of those members of the HIL Group in which HIL is directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of voting power at general meetings of such companies, to procure with reasonable endeavours only) to purchase the Products from the Group, for sale and distribution by the HIL Group both locally and overseas on a non-exclusive basis after the expiry of the Existing HIL Supply Agreement and during the term of the New HIL Supply Agreement. In connection with the supply of the Products, relevant members of the Group may make the Sales Related Payments to relevant members of the HIL Group, which are expected to include advertising and promotional fees and royalties, display rentals, upfront payments or premium and/or such other

LETTER FROM DAO HENG SECURITIES LIMITED

payments (including without limitation, payments for consultancy, management and/or merchandizing services to be rendered by the HIL Group). Similar to the Existing HIL Supply Agreement, the New HIL Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the HIL Group. Members of the Group and the HIL Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction (including but not limited to the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties, the amounts of the Sales Related Payments payable by the Group to the HIL Group and other terms and conditions in relation to the provision of the Products by the Group to the HIL Group) in accordance with the principles in the New HIL Supply Agreement. The parties thereto agree that such detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

As far as the Existing Continuing Connected Transactions are concerned, we note from the annual reports of the Company for each of the two financial years ended 31 December 2004 (“Annual Reports”) that the independent non-executive Directors have reviewed the terms of the transactions under the Existing Supply Agreements and confirmed that the Existing Continuing Connected Transactions have been entered into:–

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In addition, the auditors of the Company have reviewed the terms of the transactions under the Existing Continuing Connected Transactions and confirmed in the Annual Reports that the Existing Continuing Connected Transactions:–

- (i) have received the approval of the Board;
- (ii) have been entered into in accordance with the terms of the relevant agreements governing such transactions;
- (iii) have not exceeded the relevant cap amounts for each of the two financial years ended 31 December 2004; and
- (iv) are in accordance with the Group’s pricing policies.

Based on the foregoing, it can be demonstrated that the Company had a proven track record of compliance in the past and we consider it is likely that the Company would be able to ensure the continued compliance and hence, we concur with the views of the Directors that the New Continuing Connected Transactions will be carried out on normal commercial terms.

LETTER FROM DAO HENG SECURITIES LIMITED

4. Proposed annual caps of the New Continuing Connected Transactions

The aggregate value of the Products to be provided by the Group to the CKH Group and the HIL Group under the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions respectively for each of the three years ending 31 December 2008 shall not exceed the relevant annual caps set out below.

Category of the New Continuing Connected Transactions		Proposed annual caps (in HK\$)		
		For the year ending 31/12/2006	For the year ending 31/12/2007	For the year ending 31/12/2008
1.	The value of the Products to be provided under the New CKH Continuing Connected Transactions	200,000	300,000	400,000
2.	The New HIL Continuing Connected Transactions:-			
	(a) the value of the Products to be provided to the HIL Group;	70,000,000	120,000,000	200,000,000
	(b) the value of the Sales Related Payments payable by the Group	21,000,000	36,000,000	60,000,000

We note that the relevant annual caps prepared by the management of the Company were determined with reference to:

- (a) the anticipated increase in the number of Products to be introduced and made available to CKH Group and for sale by the HIL Group respectively;
- (b) the anticipated increase in the sale price of the Products;
- (c) the projected sales volume of the Products to or through the CKH Group and the HIL Group respectively; and
- (d) for the case of the New HIL Continuing Connected Transactions, the expected expansion of distribution channels for the Products through a wider scope of outlet coverage of the HIL Group.

In assessing the reasonableness of the annual caps stated above, we have discussed with the Directors the basis and assumptions underlying the projections for the sale of Products by the Group for the purpose of determining such annual caps. In particular, we note that in respect of the sales of the Products to the HIL Group or through the distribution channels of the HIL Group, it is assumed that:-

LETTER FROM DAO HENG SECURITIES LIMITED

- (i) in Asia (excluding Hong Kong) and Europe, the expected sales of the Products will be approximately HK\$56,000,000 in the year ending 31 December 2006 and there will be about a 75% increase year on year in each of the years from 2007 to 2008. We understand that the projected sales of the Products of HK\$56,000,000 for the year ending 31 December 2006 is calculated upon the assumptions that the Products will initially be sold via around one half of the total number of outlets of the HIL Group worldwide as at the date of the Announcement (as compared to about only 150 outlets in Hong Kong where the Products are currently being sold) and that the sales to be generated in Asia (excluding Hong Kong) and Europe will be expected to account for approximately 80% of the estimated total sales of the Products through the HIL Group for the year ending 31 December 2006.

We also understand that from the management of the Company that the year on year growth rate of about 75% in each of the years from 2007 to 2008 is collectively contributed by (a) the introduction of about one to four new lines of Products; (b) the gradual expansion of distribution channels through a wider scope of coverage of outlets at which the Products have not yet been sold; and (c) the expected growth in the sales of existing Products.

- (ii) in Hong Kong, the expected sales of the Products will be approximately HK\$12,230,000 for the year ending 31 December 2006 and there will be about a 50% increase year on year in each of the years from 2007 to 2008. We understand from the management of the Company that the expected sales for the year ending 31 December 2006 and the 50% year on year increase thereafter are calculated upon the assumptions that (a) about one to four new lines of Products will be introduced; and (b) there will be an expected growth in the sales of existing Products.

According to the annual report of the Company for the financial year ended 31 December 2004, the turnover derived from the sale of health products recorded an increase of approximately 41.5% when compared with that of the financial year ended 31 December 2003. Taking into account other growth drivers such as the anticipated wider coverage of distribution channels of the HIL Group worldwide and the introduction of about one to four new lines of Products, we consider the annual caps being set for the value of the Products to be provided under the New Continuing Connected Transactions fair and reasonable as far as the interest of the Independent Shareholders are concerned.

Having said that, Independent Shareholders should note that these figures may vary depending on numerous factors, including the progress of research and development of the new Products, the market reception of the new Products and the market condition at the time of the proposed introduction of the new Products and throughout the duration of the New Supply Agreements and the completion of registration requirements of some of the Products in different countries prior to their introductions to the market. Accordingly, Independent Shareholders should not regard these figures as the turnover projections of the Group for each of the three consecutive financial years ending 31 December 2008.

LETTER FROM DAO HENG SECURITIES LIMITED

Regarding the Sales Related Payments payable by relevant members of the Group to relevant members of the HIL Group under the New HIL Supply Agreement, the Directors confirm that the relevant annual caps are determined based on the assumption that the Sales Related Payments account for approximately 30% of the value of the Products to be provided to the HIL Group with reference to the current practice of the distributors and the retailers and particularly the value of the Products to be sold in the outlets of the HIL Group outside Hong Kong. Accordingly, we consider the annual caps being set for the Sales Related Payments payable by the Group fair and reasonable as far as the interest of the Independent Shareholders are concerned.

5. Conditions of the New Continuing Connected Transactions

Subject to and conditional upon the approval of the Independent Shareholders of the New Continuing Connected Transactions at the Annual General Meeting, the New Continuing Connected Transactions will be conducted on the condition that the transactions will not exceed the annual caps set out in the paragraph headed “4. Proposed annual caps of the New Continuing Connected Transactions” above.

If there are material changes to the terms of any of the New Supply Agreements mentioned above or the relevant annual caps stated above are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

In light of the above, we are of the view that appropriate measures will be in place to monitor and govern the conduct of the New Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the New Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole. We also consider that the terms of the New Supply Agreements and the relevant annual caps being set for the value of the Products to be provided by the Group to the CKH Group or the HIL Group and the Sales Related Payments payable by the Group to the HIL Group are fair and reasonable as far as the interests of the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the Ordinary Resolutions to be proposed at the Annual General Meeting to approve the New Continuing Connected Transactions and the relevant annual caps.

Yours faithfully,

For and on behalf of

Dao Heng Securities Limited

Venus Choi

Executive Director

Frankie Yan

Director

The following are the particulars of the four Directors (as required by the GEM Listing Rules) proposed to be elected at the Annual General Meeting:

- 1. YU Ying Choi, Alan Abel**, aged 49, Vice President and Chief Operating Officer. Mr. Yu joined the Group in January 2000. He holds a Bachelor of Arts degree and a Master's degree in Business Administration. Mr. Yu does not have any relationship with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company. Mr. Yu has a personal interest of (i) 1,500,000 Shares and (ii) 1,690,000 underlying Shares derived from options granted to him pursuant to the Share Option Scheme within the meaning of Part XV of the SFO. There is no service contract entered into between the Company and Mr. Yu. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
- 2. PANG Shiu Fun**, aged 60, Vice President and Chief Technology Officer. Dr. Pang joined the CKH Group in March 2000 and the Group in April 2000. He holds a Bachelor of Science degree from The Chinese University of Hong Kong, a Master of Arts degree from The California State University and a Doctorate in Biology from The University of Pittsburgh. Dr. Pang has been lecturing and conducting research in Canada and Hong Kong. He has published numerous articles and books in biological sciences. He has been the Founding Editor and Editor-in-Chief of Biological Signals and Biological Signals and Receptors, Founding President of The Hong Kong Society of Neurosciences, Adjunct Professor of The University of Toronto and The Clarke Institute of Psychiatry, Toronto, and is Honorary or Visiting Professor of over ten universities. Dr. Pang does not have any relationship with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company. Dr. Pang has (i) a personal interest of 1,500,700 Shares, (ii) a family interest of 700 Shares (which comprise the same block of 700 Shares jointly held by Dr. Pang and his wife) and (iii) a personal interest of 1,690,000 underlying Shares derived from options granted to him pursuant to the Share Option Scheme within the meaning of Part XV of the SFO. There is no service contract entered into between the Company and Dr. Pang. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
- 3. CHU Kee Hung**, aged 60, Vice President and Chief Production Officer. Dr. Chu joined the Group in January 2001. He holds a Bachelor of Science degree in Physics from The Chinese University of Hong Kong, a Master of Science degree and a Doctor of Philosophy degree both in Engineering Science from The University of California at Berkeley. He has over 20 years' experience in project management, design, construction, operations and management of power plants in the United States, Mainland China and Hong Kong. Dr. Chu does not have any relationship with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company. Dr. Chu has a personal interest of (i) 1,500,000 Shares and (ii) 1,690,000 underlying Shares derived from options granted to him pursuant to the Share Option Scheme within the meaning of Part XV of the SFO. There is no service contract entered into between the Company and Dr. Chu. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

4. **RUSSEL, Colin Stevens**, aged 64, Independent Non-executive Director and a member of the audit committee and the remuneration committee of the Company. Mr. Russel has been an Independent Non-executive Director of the Group since January 2005. He is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organizations on business strategy and planning, market development, competitive positioning and risk management. He was the Canadian Ambassador to Venezuela (*from 2001 through 2002*), Consul General for Canada in Hong Kong (*from 1997 through 2001*), Director for China of the Department of Foreign Affairs, Ottawa (*from 1994 through 1997*), Director for East Asia Trade in Ottawa (*from 1993 through 1994*), Senior Trade Commissioner for Canada in Hong Kong (*from 1990 through 1993*), Director for Japan Trade in Ottawa (*from 1988 through 1990*), and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India (*from 1972 through 1988*). He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries (*from 1962 through 1971*). Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada. Mr. Russel is an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, a listed company. He does not have any relationship with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company. Mr. Russel does not have interests in Shares within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Russel and the Company. The Director's fee of Mr. Russel as an Independent Non-executive Director is HK\$70,000 per annum and a further fee of HK\$70,000 and HK\$20,000 per annum are for being a member of the audit committee and the remuneration committee of the Company respectively (subject to review by the Board from time to time).

This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 6,407,381,600 Shares.

Subject to the passing of Ordinary Resolution No. (1) and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 640,738,160 Shares equivalent to 10% of the issued share capital of the Company.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders.

Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

In the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period, there might be a material adverse impact on the working capital but not on the gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 December 2004. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the GEM during each of the previous twelve months up to the Latest Practicable Date were as follows:

		Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
April	2004	1.670	1.380
May	2004	1.540	1.380
June	2004	1.530	1.410
July	2004	1.470	1.390
August	2004	1.460	1.300
September	2004	1.460	1.320
October	2004	1.380	1.300
November	2004	1.460	1.270
December	2004	1.420	1.210
January	2005	1.270	1.180
February	2005	1.270	1.180
March	2005	1.250	1.050
1 April 2005 to the Latest Practicable Date		1.210	1.050

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to Ordinary Resolution No. (2) and in accordance with the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Repurchase Proposal if such is approved by the Shareholders.

No other connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code.

As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, an indirect wholly-owned subsidiary of CKH held 2,820,008,571 Shares, representing approximately 44.01% of the issued share capital of the Company and for the purpose of the SFO, each of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust (together called the “Trust Companies”) is taken to be interested in the same 2,820,008,571 Shares. In accordance with the provisions of the SFO, Mr. Li Tzar Kuoi, Victor, as a Director of the Company, is deemed to be interested in 2,821,508,571 Shares comprising the same block of 2,820,008,571 Shares held by the said indirect wholly-owned subsidiary of CKH and 1,500,000 Shares held personally. Apart from the foregoing, Mr. Li Ka-shing held 1,880,005,715 Shares through certain companies of which he beneficially owns the entire issued share capital. For the purpose of the Takeovers Code, Mr. Li Tzar Kuoi, Victor is a concert party to Mr. Li Ka-shing. Mr. Li Ka-shing together with his concert parties are taken to have an interest in a total of 4,701,514,286 Shares, representing approximately 73.38% of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution No. (2), then (if the present shareholdings otherwise remained the same) the deemed interest of each of CKH and the Trust Companies in the Company would be increased to approximately 48.90% of the issued share capital of the Company and similarly, the deemed interests of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor in the Company would be increased to approximately 81.53% of the issued share capital of the Company. In the opinion of the Directors, such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Proposal to such an extent that would result in takeover obligation or the public holding of Shares would be reduced below 25% of the issued share capital of the Company.

7. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

As at the Latest Practicable Date, 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 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, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the Shares

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	-	-	2,820,008,571 (Note 1)	2,821,508,571	44.04%
Kam Hing Lam	Interest of child or spouse	-	4,150,000	-	-	4,150,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Pang Shiu Fun	Beneficial owner & interest of child or spouse	1,500,700 (Note 2)	700 (Note 2)	-	-	1,500,700	0.02%
Chu Kee Hung	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Lam Hing Chau, Leon	Beneficial owner	1,250,000	-	-	-	1,250,000	0.02%
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 CKH. 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 CKH. 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, is taken to be interested in those shares of CKH and thus is taken to be interested in those 2,820,008,571 Shares held by the subsidiary of CKH under the SFO.
- 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

Pursuant to the Share Option Scheme, certain Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for Shares, details of which as at the Latest Practicable Date were as follows:

Name of Director	Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share HK\$
Yu Ying Choi, Alan Abel	30/9/2002	310,000	30/9/2003 – 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 – 26/1/2013	1.446
	19/1/2004	690,000	19/1/2005 – 18/1/2014	1.762
Pang Shiu Fun	30/9/2002	310,000	30/9/2003 – 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 – 26/1/2013	1.446
	19/1/2004	690,000	19/1/2005 – 18/1/2014	1.762
Chu Kee Hung	30/9/2002	310,000	30/9/2003 – 29/9/2012	1.598
	27/1/2003	690,000	27/1/2004 – 26/1/2013	1.446
	19/1/2004	690,000	19/1/2005 – 18/1/2014	1.762
Lam Hing Chau, Leon	30/9/2002	222,000	30/9/2003 – 29/9/2012	1.598
	27/1/2003	480,000	27/1/2004 – 26/1/2013	1.446
	19/1/2004	480,000	19/1/2005 – 18/1/2014	1.762

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, 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.

3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares 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

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

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 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 CKH, CKH 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 CKH. 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 CKH 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 which Tangiers and CKH 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 CKH 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" in this Appendix.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following shareholders were interested in 10% or more of the equity interests of the following subsidiaries of the Company:

Name of subsidiary	Name of shareholder	No. and class of shares held	% of shareholding
PT Far East Agritech	PT Anggraini Mulia	60,000 ordinary shares	40%
Jiangsu Technology Union Eco-fertilizer Limited	Nanjing Red Sun Stock Co Ltd	US\$6,025,234.40 registered capital	47.12%
Maanshan Technology Union Eco-Fertilizer Limited	Nanjing Red Sun Stock Co Ltd	RMB9,329,760 registered capital held through Jiangsu Technology Union Eco-fertilizer Limited	46.65%
		RMB120,000 registered capital held through Nanjing Green Union Eco-Technology Limited	0.6%
AquaTower Pty Ltd	Gotak Investment Limited	49 ordinary shares	49%
Fertico Pty Limited	Tennant (2000) Pty Ltd	5,800 ordinary shares	40%

Save as disclosed above, as at the Latest Practicable Date, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

4. 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 subject to the terms and conditions stipulated in the Share Option Scheme.

As at the Latest Practicable Date, options to subscribe for an aggregate of 21,098,000 Shares granted to certain continuous contract employees (including the Executive Directors 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 the Latest Practicable Date	Option period	Subscription price per Share HK\$
30/9/2002	3,634,500	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	8,127,500	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	9,336,000	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, pursuant to the Share Option Scheme as at the Latest Practicable Date were as follows:

Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share HK\$
30/9/2002	316,000	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	580,000	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	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.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of Directors, management Shareholders or their respective associates in the businesses which compete or may compete, either directly or indirectly, with the businesses of the Group (the “Competing Business”) as required to be disclosed pursuant to the GEM Listing Rules were as follows:

(1) Core business activities of the Group

- (i) Research and development, commercialization, marketing and sale of biotechnology products.
- (ii) Investments in financial instruments/products.

(2) Interests in Competing Business

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

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

6. DIRECTORS' INTERESTS IN CONTRACTS

- (a) None of the Directors has an existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).
- (b) As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

7. MATERIAL CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2004, the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Dao Heng Securities Limited	A deemed licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO.

- (b) As at the Latest Practicable Date, Dao Heng does not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) As at the Latest Practicable Date, Dao Heng did not have any direct or indirect interest in any assets which have been since 31 December 2004, the date to which the latest published audited account of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.
- (d) Dao Heng has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 19 April 2005 and the references to its name included herein in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong on weekdays other than public holidays up to and including 3 May 2005:

- (a) memorandum and articles of association of the Company;
- (b) the New CKH Supply Agreement;
- (c) the New HIL Supply Agreement;
- (d) the letter from Dao Heng, the text of which as set out on pages 19 to 26 of this circular; and
- (e) the written consent from Dao Heng referred to in paragraph 8(d) of this Appendix.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, Grand Cayman, Cayman Islands.
- (b) The head office of the Company is situated at 2 Dai Fu Street, Tai Po Industrial Estate, Tai Po, Hong Kong and the principal place of business of the Company is situated at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Eirene Yeung who is a solicitor of the High Court of Hong Kong and of the Supreme Court of Judicature in England and Wales. She also holds a Master's degree in Business Administration.
- (e) Mr. Lam Hing Chau, Leon is the qualified accountant and compliance officer of the Company. He is a fellow of Hong Kong Institute of Certified Public Accountants, CPA Australia and The Association of Chartered Certified Accountants, the United Kingdom.
- (f) In any event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of CK Life Sciences Int'l. (Holdings) Inc. (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, 12 May 2005 at 10:30 a.m. for the following purposes:

1. To receive the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2004.
2. To elect Directors.
3. To appoint Auditors and authorize the Directors to fix their remuneration.
4. As a special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (1) "THAT a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares (in addition to ordinary shares issued under the share option scheme adopted by the Company on 26 June 2002) not exceeding twenty per cent. of the existing issued share capital of the Company at the date of the Resolution until the next Annual General Meeting ("Relevant Period"), such mandate to include the granting of offers or other options (including bonds and debentures convertible into shares of the Company) which might be exercisable or convertible during or after the Relevant Period."
- (2) "THAT:
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”
- (3) “**THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution No. 4(1) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 4(2) set out in the notice convening this meeting, provided that such amount shall not exceed ten per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”
- (4) “**THAT**:
- (a) each of the New CKH Continuing Connected Transactions (as defined and more particularly described in the circular to the shareholders of the Company dated 19 April 2005 (the “Circular”)) under or pursuant to the New CKH Supply Agreement (as defined and more particularly described in the Circular, and a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) be and is hereby approved, with the value of the Products (as defined in the Circular) provided or to be provided by the Group (as defined in the Circular) to the CKH Group (as defined in the Circular) to be subject to the maximum aggregate annual values in each of the three financial years ending 31 December 2008 as stated below:

	Maximum aggregate annual values (in HK\$)		
	For the year ending 31 December 2006	For the year ending 31 December 2007	For the year ending 31 December 2008
Value of Products	200,000	300,000	400,000

- (b) the entering into, execution, performance and implementation of the New CKH Supply Agreement and the New CKH Continuing Connected Transactions under or pursuant thereto by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and

- (c) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purposes of or in connection with the implementation of the New CKH Supply Agreement and all the New CKH Continuing Connected Transactions under or pursuant thereto.”

(5) “**THAT:**

- (a) each of the New HIL Continuing Connected Transactions (as defined and more particularly described in the circular to the shareholders of the Company dated 19 April 2005 (the “Circular”)) under or pursuant to the New HIL Supply Agreement (as defined and more particularly described in the Circular, and a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) be and is hereby approved, with the value of the Products (as defined in the Circular) provided or to be provided by the Group (as defined in the Circular) to the HIL Group (as defined in the Circular) and the value of the Sales Related Payments (as defined in the Circular) payable by the Group to the HIL Group to be subject to the respective maximum aggregate annual values in each of the three financial years ending 31 December 2008 as stated below:

	Maximum aggregate annual values (in HK\$)		
	For the year ending 31 December 2006	For the year ending 31 December 2007	For the year ending 31 December 2008
Value of Products	70,000,000	120,000,000	200,000,000
Value of Sales Related Payments	21,000,000	36,000,000	60,000,00

- (b) the entering into, execution, performance and implementation of the New HIL Supply Agreement and the New HIL Continuing Connected Transactions under or pursuant thereto by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (c) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purposes of or in connection with the implementation of the New HIL Supply Agreement and all the New HIL Continuing Connected Transactions under or pursuant thereto.”

By Order of the Board
Eirene Yeung
Company Secretary

Hong Kong, 19 April 2005

Notes:

- a. At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 80 of the Company's Articles of Association to put each of the above resolutions to the vote by way of a poll.
- b. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxy to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
- c. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be).
- d. Completion and return of the accompanying proxy form will not preclude a member from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should the member so desires.
- e. The Register of Members will be closed from Thursday, 5 May 2005 to Thursday, 12 May 2005, 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 4:00 p.m. on Wednesday, 4 May 2005.
- f. Concerning Ordinary Resolution No. 2 above, Mr. Yu Ying Choi, Alan Abel, Dr. Pang Shiu Fun and Dr. Chu Kee Hung will retire by rotation and, being eligible, have offered themselves for re-election at the Annual General Meeting and Mr. Colin Stevens Russel will hold office until the Annual General Meeting and, being eligible, has offered himself for re-election at the Annual General Meeting. Details of the above Directors are set out in Appendix I to the circular of the Company dated 19 April 2005 (the "Circular").

Details of submitting the proposal by a shareholder for nomination of a person for election as a Director of the Company at the Annual General Meeting are set out under the section headed "Proposed Election of Directors" of the "Letter from the Board" of the Circular.

- g. Concerning Ordinary Resolution No. 4(1) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").
- h. Concerning Ordinary Resolution No. 4(2) above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders. The explanatory statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the GEM Listing Rules, is set out in Appendix II to the Circular.
- i. Concerning Ordinary Resolutions Nos. 4(4) and 4(5) above, Cheung Kong (Holdings) Limited, Hutchison International Limited and their respective associates (as defined under the GEM Listing Rules) will abstain from voting in both the said resolutions as required under the GEM Listing Rules.

Article 80 of the Articles of Association sets out the procedure by which shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the GEM Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (i) the Chairman of the meeting; or
- (ii) at least five Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (iv) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Unless a poll is so required under the GEM Listing Rules or duly demanded and, in the latter case, the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

This circular (in both English and Chinese versions) ("Circular") has been posted on our Company's website at <http://www.ck-lifesciences.com>. Shareholders who have chosen to rely on copies of the Company's corporate communication (including but not limited to annual report, summary financial report (where applicable), half-year report, summary half-year report (where applicable), quarter report, notice of meeting, listing document, circular and proxy form) posted on the Company's website in lieu of the printed copies thereof may request the printed copy of the Circular.

Shareholders who have chosen to receive the corporate communication using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Circular posted on the Company's website will promptly upon request be sent the Circular in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's Corporate Communication by notice in writing to the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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