
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this prospectus or as to the actions to be taken, you should consult your stockbroker, 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. (the "Company"), you should at once hand this prospectus with the accompanying forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES" in APPENDIX II, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance of Hong Kong. The Registrar of Companies in Hong Kong takes no responsibility for the contents of any of these documents.

Dealings in the Shares (as defined herein) and the Rights Shares (as defined herein) in their nil-paid form and fully-paid form may be settled through the Central Clearing and Settlement System ("CCASS") and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on GEM (as defined herein) as well as compliance with the stock admission requirements of Hong Kong Securities Clearing Company Limited ("HKSCC"), the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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



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)

**RIGHTS ISSUE
IN THE PROPORTION OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE AT HK\$0.65 PER RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

Financial Adviser



Citigroup Global Markets Asia Limited

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 4 May 2006. The procedures for acceptance and transfer are set out on pages 14 to 15 of this prospectus.

The Rights Issue is on a non-underwritten basis. There is no minimum amount to be raised under the Rights Issue. Subject to the fulfilment of the conditions to which the Rights Issue is subject, the Rights Issue will proceed irrespective of the level of acceptances of the provisionally allotted Rights Shares. The Major Shareholders (as defined herein) who hold in aggregate approximately 73.35% of the total issued Shares have undertaken to take up their entitlements under the Rights Issue in full. The Major Shareholders have also indicated that they may apply by way of excess application for part or all of the Rights Shares provisionally allotted but not accepted, any unsold entitlements of the Non-Qualifying Shareholders and any unsold fractional entitlements to the Rights Shares. If none of the Qualifying Shareholders other than the Major Shareholders accept the provisionally allotted Rights Shares, whether or not the unaccepted Rights Shares are taken up by the Major Shareholders by way of excess application, less than 20% of the issued Shares will be held by the public. The Company will take appropriate measures to maintain the 20% minimum public float before completion of the Rights Issue.

It should be noted that the shares of the Company have been dealt in on an ex-rights basis as from Thursday, 6 April 2006 and that the Rights Shares are expected to be dealt in their nil-paid form from Wednesday, 19 April 2006 to Friday, 28 April 2006 (both days inclusive). Such dealings will take place when a condition of the Rights Issue remains unfulfilled. Any person dealing in the securities of the Company from now up to the date on which such condition is fulfilled and any person dealing in the nil-paid Rights Shares from Wednesday, 19 April 2006 to Friday, 28 April 2006 (being the first and last days of dealings in the nil-paid Rights Shares respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company and/or the Rights Shares in their nil-paid form during this period who is in any doubt about his or her position is recommended to consult his or her own professional adviser.

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

13 April 2006

CHARACTERISTICS OF GEM

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 prospectus, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement dated 23 March 2006 issued by the Company in respect of the Rights Issue
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Business Day”	a full day on which the Stock Exchange is open for business in dealing securities
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	CK Life Sciences Int’l., (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Conditions”	the conditions of the Rights Issue, as set out on page 13 of this prospectus
“Director(s)”	the director(s) of the Company
“Excess Application Form(s)”	the form(s) of application for excess Rights Shares
“Final Acceptance Date”	the last day for acceptance of and payment for the Rights Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of directors of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	22 March 2006, being the last trading day prior to the date of the Announcement

DEFINITIONS

“Latest Practicable Date”	7 April 2006, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Major Shareholders”	Gold Rainbow Int’l Limited, Trueway International Limited and Triluck Assets Limited which were beneficially interested in approximately 44.01%, 22.01% and 7.33% of the issued share capital of the Company respectively as at the Latest Practicable Date
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on the register of members are in places outside Hong Kong, in respect of whom the Directors consider the exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Options”	share options granted under the Share Option Scheme
“Overseas Shareholders”	Shareholders the registered addresses of which as shown in the register of members of the Company as at the close of business on the Record Date are outside Hong Kong
“Prospectus Documents”	this prospectus, the Provisional Allotment Letter and the Excess Application Form
“Prospectus Posting Date”	13 April 2006, the date on which the Prospectus Documents are despatched
“Provisional Allotment Letter(s)”	the provisional allotment letter(s) in connection with the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date other than the Non-Qualifying Shareholders
“Record Date”	13 April 2006, the record date by which entitlements to the Rights Issue will be determined
“Rights Issue”	the issue of the Rights Shares on the basis of one Rights Share for every two existing Shares held at a price of HK\$0.65 per Rights Share, subject to the terms and conditions set out in the Prospectus Documents

DEFINITIONS

“Rights Shares”	3,203,690,800 new Shares proposed to be issued under the Rights Issue
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 26 June 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.65 per Rights Share
“HK\$”	Hong Kong dollars
“%”	per cent.

SUMMARY OF THE TERMS OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Number of Rights Shares proposed to be issued	:	3,203,690,800 Rights Shares
Amount to be raised	:	Approximately HK\$2,082,399,000 before expenses if 3,203,690,800 Rights Shares are issued in full
Subscription price	:	HK\$0.65 per Rights Share payable in full on acceptance
Final Acceptance Date	:	At or before 4:00 p.m. on Thursday, 4 May 2006
Basis of the Rights Issue	:	One Rights Share for every two Shares held on the Record Date
Excess Applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments
Status of Rights Shares	:	When issued, allotted and fully-paid, the Rights Shares will rank pari passu in all respects with the then existing Shares in issue in terms of voting rights and with respect to all dividends and distributions the record date of which is on or after the date of the allotment and issue of the fully-paid Rights Shares
Undertakings from Major Shareholders	:	Each of the Major Shareholders has given an undertaking in favour of the Company to take up its entitlement under the Rights Issue in full

TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

2006

Last day of dealings in Shares on a cum-rights basis	Tuesday, 4 April
First day of dealings in Shares on an ex-rights basis	Thursday, 6 April
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:00 p.m. on Friday, 7 April
Book closure period (both days inclusive)	Monday, 10 April to Thursday, 13 April
Record Date	Thursday, 13 April
Prospectus Documents despatched on	Thursday, 13 April
First day of dealings in nil-paid Rights Shares	Wednesday, 19 April
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Tuesday, 25 April
Last day of dealings in nil-paid Rights Shares	Friday, 28 April
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Thursday, 4 May
Rights Issue expected to become unconditional at or before	5:00 p.m. on Tuesday, 9 May
Announcement of results of the Rights Issue	Thursday, 11 May
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	Friday, 12 May
Certificates for fully-paid Rights Shares expected to be despatched on or before	Friday, 12 May
Dealings in fully-paid Rights Shares expected to commence on	Monday, 15 May

TIMETABLE OF THE RIGHTS ISSUE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Thursday, 4 May 2006 if there is:

- a tropical cyclone warning signal number 8 or above; or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 4 May 2006. Instead the latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 4 May 2006. Instead the latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares does not take place on Thursday, 4 May 2006, the dates mentioned in the section headed “Timetable of the Rights Issue” in this prospectus may be affected. An announcement will be made by the Company in such event.

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, Technology and Product Development*

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

13 April 2006

To Qualifying Shareholders

Dear Sir/Madam,

**RIGHTS ISSUE
IN THE PROPORTION OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE AT HK\$0.65 PER RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

INTRODUCTION

On 23 March 2006, the Company announced that it proposed, subject to fulfilment of the Conditions, to undertake a rights issue of 3,203,690,800 Rights Shares at the Subscription Price, in the proportion of one Rights Share for every two Shares held on the Record Date, payable in full on acceptance. The Rights Issue is only available to the Qualifying Shareholders.

The purpose of this prospectus is to give you further information regarding the Rights Issue, including information on dealings in and transfers and acceptances of the Rights Shares, and certain financial and other information in respect of the Group.

LETTER FROM THE BOARD

THE RIGHTS ISSUE

Issue statistics

Basis of Rights Issue	:	one Rights Share for every two Shares held on the Record Date
Subscription Price	:	HK\$0.65 per Rights Share
Number of existing Shares in issue	:	6,407,381,600 Shares
Number of Rights Shares proposed to be issued	:	3,203,690,800 Rights Shares, representing approximately 50.0% and 33.3% of the existing and enlarged issued share capital of the Company respectively
Number of Rights Shares undertaken to be taken up by the Major Shareholders	:	the Major Shareholders have undertaken to take up in aggregate 2,350,007,142 Rights Shares which will be provisionally allotted to them pursuant to the Rights Issue

As at the Latest Practicable Date, there were 17,896,700 outstanding Options granted under the Share Option Scheme, which are exercisable in different periods between 30 September 2003 and 18 January 2014. If all the subscription rights attaching to the outstanding Options which are exercisable are exercised on or before the Record Date, the number of total issued Shares will be increased to 6,422,908,900 Shares and the number of Rights Shares proposed to be issued pursuant to the Rights Issue will be increased from 3,203,690,800 to 3,211,454,450 Rights Shares. None of these outstanding Options had been exercised prior to the closure of the register of members of the Company for determination of entitlements to the Rights Issue.

Apart from Options granted under the Share Option Scheme, as at the Latest Practicable Date, the Company had no other outstanding options, convertible securities or warrants which confer the right to subscribe for Shares.

Qualifying Shareholders

The Company will send Provisional Allotment Letters and Excess Application Forms to the Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:00 p.m. (Hong Kong time) on Friday, 7 April 2006.

LETTER FROM THE BOARD

Closure of Register of Members

The register of members of the Company was closed from Monday, 10 April 2006 to Thursday, 13 April 2006, both days inclusive, for determination of entitlements under the Rights Issue. No transfer of Shares was registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

HK\$0.65 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for Rights Shares.

The Subscription Price of HK\$0.65 per Rights Share was determined with reference to recent closing prices of the Shares on GEM and represents:

- (i) a discount of approximately 30.9% to the closing price of HK\$0.94 per Share as quoted on GEM on the Last Trading Day;
- (ii) a discount of approximately 22.9% to the theoretical ex-rights price of HK\$0.84 per Share based on the closing price per Share as quoted on GEM on the Last Trading Day;
- (iii) a discount of approximately 31.7% to the average closing price of HK\$0.95 per Share for the last 10 trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 23.6% to the theoretical ex-rights price of HK\$0.85 per Share based on the average closing price of HK\$0.95 per Share for the last 10 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 49.6% to the consolidated net assets per Share as at 31 December 2005 of HK\$0.43 with reference to the consolidated net assets of the Company as disclosed in its 2005 annual report; and
- (vi) a discount of approximately 25.3% to the closing price of HK\$0.87 per Share as at the Latest Practicable Date.

Basis of provisional allotments

The basis of the provisional allotment shall be one Rights Share for every two Shares held by a Qualifying Shareholder on the Record Date, being a total of 3,203,690,800 Rights Shares at a price of HK\$0.65 per Rights Share. Acceptances for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Provisional Allotment Letter and lodging the same with a remittance for the Rights Shares being applied for.

LETTER FROM THE BOARD

Status of the Rights Shares

The Rights Shares, when fully-paid, issued and allotted, will rank pari passu in all respects with the then existing Shares in issue in terms of voting rights and with respect to all dividends and distributions the record date of which is on or after the date of the allotment and issue of the Rights Shares.

Share Certificates and Refund Cheques

Subject to the fulfilment of the Conditions, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto at their own risk by ordinary post on or before Friday, 12 May 2006. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before Friday, 12 May 2006, by ordinary post to the applicants at their own risk.

Rights of Non-Qualifying Shareholders

The Prospectus Documents have not been registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. As at the Latest Practicable Date, there were 11 Shareholders with registered addresses as shown in the register of members of the Company in the People's Republic of China, Macau, the United States and Canada with an aggregate shareholding percentage of approximately 0.004%. The Company had made enquiries with legal advisers regarding the legal restrictions under the laws of the jurisdictions in which these Overseas Shareholders are located and the requirements of the relevant regulatory body or stock exchange in such jurisdictions for offering the Rights Shares to these Overseas Shareholders. Based on the advices given by legal advisers of the relevant jurisdictions, the Directors decided that the Rights Shares be offered to the Overseas Shareholders located in the People's Republic of China and Macau, but not to the Overseas Shareholders located in the United States and Canada as it would be necessary or expedient to exclude them on account of the legal restrictions under the laws of the United States and Canada or the requirements of the relevant regulatory body in the United States and Canada. Accordingly, no provisional allotment of Rights Shares is or has been made to the Non-Qualifying Shareholders. The Company will send copies of this prospectus to the Non-Qualifying Shareholders for their information only which does not constitute an offer of the Rights Shares to such Non-Qualifying Shareholders and does not entitle such Non-Qualifying Shareholders to subscribe for the Rights Shares. The Company will not send Provisional Allotment Letters or Excess Application Forms to the Non-Qualifying Shareholders.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, of more than HK\$100 will be paid to the Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders.

LETTER FROM THE BOARD

Fractional Entitlements to Rights Shares

Fractional entitlements to Rights Shares will not be provisionally allotted and will be rounded down to the nearest whole number. Rights Shares representing the aggregate of fractions of Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the Company or its appointed nominee and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

UNDERTAKINGS BY THE MAJOR SHAREHOLDERS TO ACCEPT THEIR RIGHTS ENTITLEMENTS

As at the Latest Practicable Date, the Major Shareholders were together interested in 4,700,014,286 Shares in aggregate, representing approximately 73.35% of the existing issued share capital of the Company, out of which 2,820,008,571 Shares representing approximately 44.01% is owned by Gold Rainbow Int'l Limited, 1,410,004,286 Shares representing approximately 22.01% is owned by Trueway International Limited and 470,001,429 Shares representing approximately 7.33% is owned by Triluck Assets Limited. Each of the Major Shareholders has undertaken to take up its entitlement under the Rights Issue in full. Based on the 2,350,007,142 Rights Shares undertaken to be accepted by the Major Shareholders, assuming no other Qualifying Shareholders take up their entitlements under the Rights Issue, it is currently expected that the Rights Issue will raise a minimum amount of net proceeds of approximately HK\$1,512,000,000.

The Rights Issue will proceed on a non-underwritten basis. The Major Shareholders have indicated that they may apply by way of excess application for part or all of the Rights Shares provisionally allotted but not accepted, any unsold entitlements of the Non-Qualifying Shareholders and any unsold fractional entitlements to Rights Shares.

There is no minimum amount of capital to be raised for the Rights Issue to proceed. Accordingly, subject to fulfilment of the Conditions, the Rights Issue will proceed irrespective of the level of acceptances of the provisionally allotted Rights Shares.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company before and after completion of the Rights Issue:

Shareholders	No. of Shares beneficially owned as at the Latest Practicable Date	Percentage of shareholding before the Rights Issue	No. of Shares beneficially owned after completion of the Rights Issue assuming that all Shareholders have taken up their entitlements in full	Percentage of shareholding after the Rights Issue	No. of Shares beneficially owned after completion of the Rights Issue assuming that none of the Shareholders other than the Major Shareholders have taken up their entitlements and the Major Shareholders are allotted the unaccepted Rights Shares on a pro-rata basis	Percentage of shareholding after the Rights Issue	No. of Shares beneficially owned after completion of the Rights Issue assuming that none of the Shareholders other than the Major Shareholders have taken up their entitlements and the Major Shareholders do not take up the unaccepted Rights Shares	Percentage of shareholding after the Rights Issue
Gold Rainbow Int'l Limited	2,820,008,571	44.01%	4,230,012,856	44.01%	4,742,223,051	49.35%	4,230,012,856	48.30%
Trueway International Limited	1,410,004,286	22.01%	2,115,006,429	22.01%	2,371,111,526	24.67%	2,115,006,429	24.15%
Triluck Assets Limited	470,001,429	7.33%	705,002,143	7.33%	790,370,508	8.22%	705,002,143	8.05%
Certain Directors or their associates and a management shareholder	414,386,414	6.47%	621,579,621	6.47%	414,386,414	4.31%	414,386,414	4.73%
Sub-total	5,114,400,700	79.82%	7,671,601,049	79.82%	8,318,091,499	86.55%	7,464,407,842	85.23%
Public	1,292,980,900	20.18%	1,939,471,350	20.18%	1,292,980,900	13.45%	1,292,980,900	14.77%
Total	<u>6,407,381,600</u>	<u>100%</u>	<u>9,611,072,399</u>	<u>100%</u>	<u>9,611,072,399</u>	<u>100%</u>	<u>8,757,388,742</u>	<u>100%</u>

RESTORATION OF PUBLIC FLOAT

As shown in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE”, assuming none of the Qualifying Shareholders takes up any provisional allotment of Rights Shares except that the Major Shareholders take up all their entitlements under the Rights Issue (being 2,350,007,142 Rights Shares) and their excess applications for the rest of the Rights Shares (being 853,683,658 Rights Shares), the public float of the Shares will drop to approximately 13.45% upon completion of the Rights Issue. If none of the Qualifying Shareholders takes up any provisional allotment of Rights Shares and only the Major Shareholders take up all their entitlements under the Rights Issue but not any excess Rights Shares, the public float of the Shares will drop to approximately 14.77% upon completion of the Rights Issue.

The Company will take appropriate measures to maintain the 20% minimum public float before completion of the Rights Issue.

LETTER FROM THE BOARD

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, among other things, each of the following events happening:

- (i) the delivery by or on behalf of the Company of one copy of each of the Prospectus Documents duly certified by two Directors or their authorised agents as having been approved by resolution of the board of Directors together with any requisite accompanying documents to the Stock Exchange and the Registrar of Companies of Hong Kong for filing and registration in accordance with the provisions of the Companies Ordinance not later than the Prospectus Posting Date;
- (ii) the posting of this prospectus to the Shareholders and the posting of the Provisional Allotment Letters and the Excess Application Forms to the Qualifying Shareholders not later than the Prospectus Posting Date, or such later date as the Company may (subject to, if required, the approval of the Stock Exchange) determine; and
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares, in their nil-paid and fully-paid forms, by not later than in the case of Rights Shares in nil-paid form, the first day of dealings in nil-paid Rights Shares and in the case of Rights Shares in fully-paid form, the first day of dealings in fully-paid Rights Shares.

As at the Prospectus Posting Date, the Conditions referred to in items (i) and (ii) above have been fulfilled. The Rights Issue is, however, subject to the remaining Condition being fulfilled.

If the remaining outstanding Condition is not fulfilled or waived in whole or in part by the Company on or before 5:00 p.m. on 9 May 2006 being the long stop date for fulfilment of the Conditions, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the remaining outstanding Condition, it may or may not proceed. Investors are advised to exercise caution when dealing in the Shares.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Existing Shares have been dealt in on an ex-rights basis as from Thursday, 6 April 2006. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 19 April 2006 to Friday, 28 April 2006 (both days inclusive). If the remaining Condition is not fulfilled (see the section headed “CONDITIONS OF THE RIGHTS ISSUE” above), the Rights Issue will not proceed.

Any buying or selling of the Shares from now up to the date on which all the Conditions are fulfilled, and any buying or selling of nil-paid Rights Shares, is at investors' own risk.

If in any doubt, investors should consider obtaining professional advice.

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REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

In terms of long-term business development, the Group continues its dual strategies of growing the business organically and actively undertaking acquisitions. Furthermore, the Group continues to invest in research and development and product development. In this regard, the Directors consider that the Rights Issue will enlarge the capital base and strengthen the financial position of the Company so as to facilitate the Company's plans to further expand organically and by acquisition. Furthermore, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise capital by way of the Rights Issue which will allow all Shareholders to participate in the growth and future development of the Company on equal terms. The Company did not engage in any fund raising exercise during the 12 months immediately preceding the date of this prospectus.

Based on 3,203,690,800 Rights Shares proposed to be issued, the net proceeds from the Rights Issue is currently expected to be approximately HK\$2,067,000,000 and will be used for general working capital, research and development and acquisitions. The Company has not yet decided on how to allocate the net proceeds from the Rights Issue for each of the intended uses. As part of the normal business activities of the Group, different acquisition proposals are under review by the Group from time to time.

The Directors consider the terms of the Rights Issue and the Subscription Price to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADJUSTMENTS TO OPTIONS GRANTED BY THE COMPANY

As at the Latest Practicable Date, 17,896,700 Options have been granted by the Company under the Share Option Scheme which are outstanding, of which 15,527,300 Options are exercisable and entitle the holders thereof to subscribe for 15,527,300 Shares in aggregate.

The Rights Issue will cause adjustments to the subscription price and the number of Shares to be issued under the outstanding Options. The adjustments to the Options shall be made pursuant to the Share Option Scheme and in compliance with the GEM Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005. The Company has instructed its auditors to review and certify the basis of such adjustments. As the number of Rights Shares will not be ascertained or confirmed until 9 May 2006 when the Rights Issue is expected to become unconditional, the Company will inform the holders of the Options of such adjustments by written notice to each of the holders as soon as practicable after 9 May 2006.

PROCEDURES FOR ACCEPTANCE AND TRANSFER

A Provisional Allotment Letter enclosed with this prospectus to the Qualifying Shareholders will entitle the Qualifying Shareholders to subscribe for the number of the Rights Shares shown therein. If you being a Qualifying Shareholder wish to exercise your rights to take up all the Rights Shares specified in the Provisional Allotment Letter, you must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Thursday, 4 May 2006. **All remittances must be made in Hong Kong**

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dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "CK Life Sciences Int'l., (Holdings) Inc. – Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the Hong Kong branch share registrar of the Company by 4:00 p.m. on Thursday, 4 May 2006, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

The Provisional Allotment Letter contains full information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment. If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares allotted to them under the Provisional Allotment Letter or to transfer their rights to more than one person, the Provisional Allotment Letter must be surrendered by not later than 4:00 p.m. on Tuesday, 25 April 2006 to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, which will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the remaining Condition is not fulfilled, the monies received in respect of acceptances of Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first named person without interest, by means of cheque despatched by ordinary post at the risk of the Qualifying Shareholders or such other persons on or before Friday, 12 May 2006.

APPLICATIONS BY QUALIFYING SHAREHOLDERS FOR EXCESS RIGHTS SHARES

Qualifying Shareholders may apply for any Rights Shares provisionally allotted but not accepted, or any unsold fractional entitlements to Rights Shares and any unsold Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled in addition to their provisional allotment under the Rights Issue. Application can be made by completing and lodging the Excess Application Form together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Thursday, 4 May 2006. **All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a bank in Hong Kong and made payable to "CK Life Sciences Int'l., (Holdings) Inc. – Excess Application Account" and crossed "Account Payee Only".** The Directors will allocate the excess Rights Shares among Qualifying

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Shareholders who have validly applied for excess Rights Shares in such equitable manner as the Directors shall at their sole discretion think fit, and preference will be given to applications made to topping-up odd lot holdings to whole board lots. The Company's Hong Kong branch share registrar will despatch a notice or notices to you of any allotment of excess Rights Shares made to you on or about Friday, 12 May 2006.

Qualifying Shareholders with their Shares held by a nominee company should note that the board of Directors will regard the nominee company as a single Qualifying Shareholder according to the register of members of the Company. Accordingly, Qualifying Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an Excess Application Form together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Any Excess Application Form in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to the Qualifying Shareholder in full without interest by means of cheques despatched by ordinary post at the Qualifying Shareholder's own risk on or before Friday, 12 May 2006. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, the surplus application money is expected to be refunded to the Qualifying Shareholder without interest by means of cheque despatched by ordinary post and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members or the transfer form at the Qualifying Shareholder's own risk on or before Friday, 12 May 2006.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques and cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

No action has been taken in any jurisdictions other than Hong Kong to permit the offering of the Rights Shares or the distribution of any of the Prospectus Documents in any territory outside Hong Kong, and therefore no person receiving any of the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or an invitation to apply for Rights Shares, unless in the relevant territory such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements (such as the case for the Overseas Shareholders located in the People's Republic of China and in Macau as referred to in the sub-section headed "Rights of Non-Qualifying Shareholders"). Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for Rights Shares to satisfy himself or herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such

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territory in connection therewith. No application for Rights Shares will be accepted from any person whose address is outside Hong Kong unless the Company in its absolute discretion is satisfied that such acceptance would not involve any breach of any applicable laws or regulatory requirements or any need for compliance with any registration or other legal or regulatory requirements. The Company reserves the right to refuse to accept any application for Rights Shares if it believes that such acceptance would violate the applicable securities or other laws or regulations of any territory.

LISTING AND DEALINGS

Application has been made to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. It is expected that dealings in the Rights Shares in their nil-paid form will commence on Wednesday, 19 April 2006 and will end on Friday, 28 April 2006 (both days inclusive).

The Shares are listed on GEM and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought. The Company has no debt securities in issue.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on GEM, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements of the Rights Shares in their nil-paid and fully-paid forms and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

For the purpose of trading on GEM, a board lot for the Shares and the Rights Shares in both their nil-paid and fully-paid forms will be 2,000 Shares. Dealings in the nil-paid and fully-paid Rights Shares will be subject to payment of stamp duty in Hong Kong.

Dealings in the Rights Shares in their fully-paid form is expected to commence on Monday, 15 May 2006.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the Rights Shares. It is emphasized that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding, disposal of, or dealing in the Rights Shares (in their nil-paid and/or fully-paid forms).

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FURTHER INFORMATION

Your attention is drawn to the further information set out in the appendices to this prospectus.

Yours faithfully,

By Order of the Board of
LI TZAR KUOI, VICTOR
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated income statement and the consolidated balance sheet of the Group for the last three financial years extracted from the annual report of the Company for year ended 31 December 2005 is set out below:

	Year ended 31 December		
	2003	2004	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated results summary			
Turnover	<u>192,268</u>	<u>329,627</u>	<u>694,379</u>
Profit/(loss) attributable to equity holders of the Company*	<u>(738)</u>	<u>(3,968)</u>	<u>12,234</u>
	As at 31 December		
	2003	2004	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated balance sheet summary			
Non-current assets	2,515,897	2,310,811	2,830,045
Current assets	343,832	751,996	850,838
Current liabilities	(46,292)	(149,596)	(365,333)
Non-current liabilities	<u>–</u>	<u>(68,223)</u>	<u>(531,463)</u>
Total net assets	<u>2,813,437</u>	<u>2,844,988</u>	<u>2,784,087</u>
Equity attributable to equity holders of the Company	2,813,316	2,795,705	2,736,260
Minority interests	<u>121</u>	<u>49,283</u>	<u>47,827</u>
Total equity	<u>2,813,437</u>	<u>2,844,988</u>	<u>2,784,087</u>

* Figures have been restated to reflect the change in accounting policy for the adoption of HKFRS2 as described in note 2 to the financial statements.

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2005 together with the relevant notes thereto as extracted from the Company's latest published annual report for the year ended 31 December 2005.

Consolidated Income Statement

For the year ended 31 December 2005

	<i>Notes</i>	2005 <i>HK\$'000</i>	Restated 2004 <i>HK\$'000</i>
Turnover	6	694,379	329,627
Cost of sales		<u>(386,536)</u>	<u>(134,506)</u>
		307,843	195,121
Other income	7	80,412	47,881
Staff costs	8	(142,711)	(111,533)
Depreciation		(28,836)	(23,515)
Amortization of intangible assets		(4,758)	(2,829)
Fair value change of financial instruments		(28,165)	–
Other operating expenses		(151,482)	(109,764)
Finance costs	9	(19,494)	(4,438)
Gain on disposal of an associate		–	4,179
Share of results of associates		<u>3,337</u>	<u>2,279</u>
Profit/(loss) before taxation		16,146	(2,619)
Taxation	10	<u>(5,368)</u>	<u>(2,548)</u>
Profit/(loss) for the year	11	<u><u>10,778</u></u>	<u><u>(5,167)</u></u>
Attributable to:			
Equity holders of the Company		12,234	(3,968)
Minority interests		<u>(1,456)</u>	<u>(1,199)</u>
		<u><u>10,778</u></u>	<u><u>(5,167)</u></u>
Earnings/(loss) per share	12		
– Basic		<u><u>0.19 cent</u></u>	<u><u>(0.062 cent)</u></u>
– Diluted		<u><u>0.19 cent</u></u>	<u><u>(0.062 cent)</u></u>

Consolidated Balance Sheet*As at 31 December 2005*

	<i>Notes</i>	2005 <i>HK\$'000</i>	Restated 2004 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	359,953	348,335
Prepaid lease for land	15	27,827	27,918
Intangible assets	16	738,738	171,967
Interests in associates	17	30,922	27,585
Debt investment	18	174,179	–
Available-for-sale investments	19	210,879	–
Investments at fair value through profit and loss	20	1,280,331	–
Investments in securities	22	–	1,523,840
Other investments		–	211,166
Deferred taxation	30	7,216	–
		<u>2,830,045</u>	<u>2,310,811</u>
Current assets			
Debt investment	18	36,986	–
Investments at fair value through profit and loss	20	48,346	–
Derivative financial instruments	21	22,361	–
Investments in securities	22	–	97,795
Other investments		–	29,387
Inventories	23	127,914	41,484
Receivables and prepayments	24	202,990	140,480
Taxation		808	–
Deposit with financial institution		39,000	–
Bank balances and deposits		372,433	442,850
		<u>850,838</u>	<u>751,996</u>
Current liabilities			
Payables and accruals	25	(216,958)	(112,946)
Bank loans	26	(93,080)	(20,368)
Other loan	27	–	(13,737)
Finance lease obligations	28	(559)	(371)
Derivative financial instruments	21	(54,736)	–
Taxation		–	(2,174)
		<u>(365,333)</u>	<u>(149,596)</u>
Net current assets		<u>485,505</u>	<u>602,400</u>
Total assets less current liabilities		<u>3,315,550</u>	<u>2,913,211</u>
Non-current liabilities			
Bank loans	26	(461,200)	(60,217)
Loan from a minority shareholder	29	(34,252)	(7,239)
Finance lease obligations	28	(1,741)	(621)
Deferred taxation	30	(34,270)	(146)
		<u>(531,463)</u>	<u>(68,223)</u>
Total net assets		<u>2,784,087</u>	<u>2,844,988</u>
Capital and reserves			
Share capital	31	640,738	640,738
Share premium and reserves		2,095,522	2,154,967
Equity attributable to equity holders of the Company		2,736,260	2,795,705
Minority interests		47,827	49,283
Total equity		<u>2,784,087</u>	<u>2,844,988</u>

Consolidated Statement of Changes in Equity
For the year ended 31 December 2005

	Share capital	Share premium	Investment revaluation reserve	Exchange reserve	Employee share-based compensation reserve	Accumulated losses	Equity attributable to equity holders of the Company	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	640,703	2,391,707	63,948	350	–	(283,392)	2,813,316	121	2,813,437
Effect of changes in accounting policies (note 2)	–	–	–	–	1,666	(1,666)	–	–	–
At 1 January 2004 restated	640,703	2,391,707	63,948	350	1,666	(285,058)	2,813,316	121	2,813,437
Surplus on revaluation of investments in securities	–	–	49,058	–	–	–	49,058	–	49,058
Exchange difference on translation of financial statements of overseas operations	–	–	–	1,600	–	–	1,600	–	1,600
Net gain recognized directly in equity	–	–	49,058	1,600	–	–	50,658	–	50,658
Realized on disposal/ redemption of financial instruments	–	–	(70,711)	–	–	–	(70,711)	–	(70,711)
Loss for the year	–	–	–	–	–	(3,968)	(3,968)	(1,199)	(5,167)
Total recognized income and expenses for the year	–	–	(21,653)	1,600	–	(3,968)	(24,021)	(1,199)	(25,220)
Shares issued under share option scheme	35	478	–	–	–	–	513	–	513
Arising from acquisition of subsidiaries	–	–	–	–	–	–	–	50,361	50,361
Employees' share options benefits	–	–	–	–	5,897	–	5,897	–	5,897
At 31 December 2004	640,738	2,392,185	42,295	1,950	7,563	(289,026)	2,795,705	49,283	2,844,988
Effect of initial adoption of HKAS 39	–	–	–	–	–	(420)	(420)	–	(420)
At 1 January 2005 restated	640,738	2,392,185	42,295	1,950	7,563	(289,446)	2,795,285	49,283	2,844,568
Loss on fair value changes of available-for-sale investments	–	–	(25,807)	–	–	–	(25,807)	–	(25,807)
Exchange difference on translation of financial statements of overseas operations	–	–	–	(1,985)	–	–	(1,985)	–	(1,985)
Net loss recognized directly in equity	–	–	(25,807)	(1,985)	–	–	(27,792)	–	(27,792)
Realized on disposal/ redemption of financial instruments	–	–	(44,090)	–	–	–	(44,090)	–	(44,090)
Profit for the year	–	–	–	–	–	12,234	12,234	(1,456)	10,778
Total recognized income and expenses for the year	–	–	(69,897)	(1,985)	–	12,234	(59,648)	(1,456)	(61,104)
Employees' share options benefits	–	–	–	–	623	–	623	–	623
At 31 December 2005	640,738	2,392,185	(27,602)	(35)	8,186	(277,212)	2,736,260	47,827	2,784,087

Consolidated Cash Flow Statement*For the year ended 31 December 2005*

	2005	restated
<i>Note</i>	<i>HK\$'000</i>	<i>2004</i>
		<i>HK\$'000</i>
Operating activities		
Profit/(loss) before taxation	16,146	(2,619)
Share of results of associates	(3,337)	(2,279)
Gain on disposal of an associate	–	(4,179)
Finance costs	19,494	4,438
Depreciation	28,836	23,515
Amortization of prepaid lease for land	401	314
Discount on acquisition of subsidiary	–	(3,288)
Gain on disposal/redemption of investments in securities	–	(23,559)
Gain on disposal/redemption of available-for-sale investments	(33,794)	–
Gain on disposal/redemption of investments at fair value through profit and loss	(29,349)	–
Loss on disposal of property, plant and equipment	115	52
Interest income	(14,200)	(3,455)
Amortization of intangible assets	4,758	2,829
Amortization of discount on other investments	–	(11,676)
Costs of intangible assets written off	–	14,674
Allowance for bad debts	1,166	–
Stock written off	843	–
Fair value changes of financial instruments	28,165	–
Share-based payment	623	5,897
	<hr/>	<hr/>
Operating profit before working capital changes	19,867	664
Decrease in investments in securities	–	5,244
Increase in inventories	(31,200)	(9,495)
Increase in receivables and prepayments	(48,882)	(68,123)
Increase/(decrease) in payables and accruals	84,030	(2,954)
Profits tax paid	(6,557)	(228)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	17,258	(74,892)

	<i>Note</i>	2005 <i>HK\$'000</i>	restated 2004 <i>HK\$'000</i>
Investing activities			
Purchases of property, plant and equipment		(57,059)	(88,780)
Proceeds from disposal of property, plant and equipment		850	397
Purchase of subsidiaries	38	(514,760)	(43,552)
Capital contribution to associates		–	(16,177)
Proceeds from disposal of an associate		–	6,500
Purchases of financial instruments		(1,195,847)	(1,383,720)
Proceeds from disposal/redemption of investments in securities		1,275,015	1,728,907
Expenditure on intangible assets		(44,820)	(44,218)
Increase in deposit with financial institution		(39,000)	–
Repayment of debt investment		39,439	39,439
Interest received		14,232	21,759
Net cash (used in)/from investing activities		<u>(521,950)</u>	<u>220,555</u>
Financing activities			
Issue of shares		–	513
New bank loans		519,565	18,800
Repayment of bank loans		(80,585)	(4,824)
Repayment of other loan		(13,737)	–
Finance leases obligations repaid		(324)	(155)
Interest paid		(19,531)	(4,400)
Loan from a minority shareholder of a subsidiary		29,482	46,995
Net cash from financing activities		<u>434,870</u>	<u>56,929</u>
Net (decrease)/increase in cash and cash equivalents		(69,822)	202,592
Cash and cash equivalents at beginning of the year		442,850	240,258
Effect of foreign exchange rate changes		(595)	–
Cash and cash equivalents at end of the year		<u>372,433</u>	<u>442,850</u>
Represented by:			
Bank balances and deposits		<u>372,433</u>	<u>442,850</u>

Notes to the Financial Statements

1. Organization and Operations

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office and principal place of business are disclosed in the section headed “Corporate Information” of the Group’s Annual Report.

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

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

2. Application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3 “Business Combination”, HKAS 36 “Impairment of Assets” and HKAS 38 “Intangible Assets” which had been early applied by the Group in the preparation of its financial statements for the year ended 31 December 2004. The application of the remaining HKFRSs has resulted in the following material changes in the presentation of financial statements for the year as well as the Group’s accounting policies:

(a) Presentation of Financial Statements

The major changes under HKAS 1 “Presentation of Financial Statements” are the presentation of minority interest and share of taxation of associates. Minority interest now forms part of the equity in the Group’s consolidated balance sheet and is shown as an allocation of profit and loss in the Group’s consolidated income statement and the share of taxation of associates previously included under taxation in the consolidated income statement is now netted off against the share of results of associates. The changes in presentation have been applied retrospectively.

(b) Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were classified as property, plant and equipment and stated at valuation less accumulated depreciation. The adoption of HKAS 17 “Leases” has resulted in the reclassification of leasehold land from property, plant and equipment to prepaid lease under operating leases which are carried at cost and charged as operating leases expenses on a straight-line basis over the lease term and where there is impairment, the impairment is expensed in the income statement immediately. This change in accounting policy has been applied retrospectively but has no impact on the results of the Group for the year and the prior periods.

(c) Financial Instruments

In the current year, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods.

The principal effects resulting from the implementation of HKAS 39 are summarised below:

(i) Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as “trading securities” or “Non-trading securities”. Both “trading securities” and “Non-trading securities” are measured at fair value. Unrealized gains or losses of “trading securities” are reported in profit or loss for the period in which gains or losses arise. Unrealized gains or losses of “Non-trading securities” are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for that period. From 1 January 2005 onwards, the Group has classified and measured its debt and equity securities as “investments at fair value through profit and loss” or “available-for-sale investments” in accordance with HKAS 39. “Investment at fair value through profit or loss” and “available-for-sale financial assets” are carried at fair value, with changes in fair values recognized in profit or loss and equity respectively.

On 1 January 2005, the Group classified and measured its debt and equity securities in accordance with the transitional provisions of HKAS 39. For “Non-trading securities” that are classified or designated as “investments at fair value through profit and loss”, the cumulative unrealized gains or losses previously reported in equity at 1 January 2005 continue to be held in equity. On subsequent derecognition or impairment of the investment, the unrealized gain or loss remaining in equity will be transferred to profit or loss.

(ii) Derivatives

Up to 31 December 2004, the derivative financial instruments had not been recognized on the balance sheet. The net interest expenses or income arising from the derivative financial instruments were included in the income statement on an accrual basis. From 1 January 2005 onwards, all derivatives financial instruments that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognized in profit or loss for the period in which they arise.

(d) **Share-based Payment**

Starting from 1 January 2005, the Group has applied HKFRS 2 “Share-based payments” which requires the fair value of share options granted to employees after 7 November 2002 and had not vested on 1 January 2005 to be recognized at the date of grant as an expense in the income statement over the vesting period with the corresponding credit to an employee share-based compensation reserve under equity. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised. This change in accounting policy has been applied retrospectively.

(e) Translation of foreign operations

In the current year, the Group has also applied HKAS 21 “The Effects of Changes in Foreign Exchange Rates” which requires goodwill to be treated as assets and liabilities of the foreign operations and translated at closing rate at each balance sheet date. Previously, goodwill arising on acquisition of foreign operations was reported at the historical rate at each balance sheet date. In accordance with the relevant transitional provision in HKAS 21, goodwill arising on acquisition prior to 1 January 2005 is treated as a non-monetary foreign currency item. Therefore, no prior period adjustment has been made. In the current year, the Group acquired a number of foreign operation and goodwill arose on the acquisition of those foreign operation was translated at the closing rate at 31 December 2005, which has resulted in an increase of HK\$11,119,000 in the balance of the exchange reserve at 31 December 2005.

The effects of changes in the accounting policies described above on the results for the current and prior years are as follows:

	HKAS 1 <i>HK\$'000</i>	HKAS 17 <i>HK\$'000</i>	HKAS 39 <i>HK\$'000</i>	HKFRS 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year 2005					
Increase in staff costs	–	–	–	(623)	(623)
Decrease in depreciation	–	401	–	–	401
Increase in fair value change of financial instruments	–	–	(28,165)	–	(28,165)
Increase in other operating expenses	–	(401)	–	–	(401)
Decrease in share of results of associates	(1,634)	–	–	–	(1,634)
Decrease in taxation	<u>1,634</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,634</u>
Decrease in profit for the year attributable to the equity holders of the Company	<u>–</u>	<u>–</u>	<u>(28,165)</u>	<u>(623)</u>	<u>(28,788)</u>
Decrease in basic earnings per share					<u>(0.45 cent)</u>
Year 2004					
Increase in staff costs	–	–	–	(5,897)	(5,897)
Decrease in depreciation	–	314	–	–	314
Increase in other operating expenses	–	(314)	–	–	(314)
Decrease in share of results of associates	(1,003)	–	–	–	(1,003)
Decrease in taxation	<u>1,003</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,003</u>
Increase in loss for the year attributable to the equity holders of the Company	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5,897)</u>	<u>(5,897)</u>
Decrease in basic and diluted earnings per share					<u>(0.09 cent)</u>

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarized below:

Balance Sheet items

	As at 31 December 2004 (originally stated) HK\$'000		As at 31 December 2004 (restated) HK\$'000		As at 1 January 2005 HK\$'000
		Adjustment HK\$'000		Adjustment HK\$'000	
Impact of HKAS 17					
Property, plant and equipment	376,253	(27,918)	348,335	–	348,335
Prepaid lease for land	–	27,918	27,918	–	27,918
Impact of HKAS 39					
Debt investment	–	–	–	240,553	240,553
Available-for-sale investments	–	–	–	293,809	293,809
Investments at fair value through profit and loss	–	–	–	1,327,826	1,327,826
Derivative financial instruments	–	–	–	(420)	(420)
Investments in securities	1,621,635	–	1,621,635	(1,621,635)	–
Other investments	240,553	–	240,553	(240,553)	–
Total effects on assets and liabilities	<u>2,238,441</u>	<u>–</u>	<u>2,238,441</u>	<u>(420)</u>	<u>2,238,021</u>
Impact of HKFRS 2 and HKAS 39					
Accumulated losses	(281,463)	(7,563)	(289,026)	(420)	(289,446)
Employee share-based compensation reserve	<u>–</u>	<u>7,563</u>	<u>7,563</u>	<u>–</u>	<u>7,563</u>
Total effect on equity	<u>(281,463)</u>	<u>–</u>	<u>(281,463)</u>	<u>(420)</u>	<u>(281,883)</u>

The financial effects of the application of the new HKFRSs to the Group's equity on 1 January 2004 are summarized below:

	As originally stated HK\$'000	Adjustment HK\$'000	As restated HK\$'000
Impact of HKFRS 2			
Accumulated losses	(283,392)	(1,666)	(285,058)
Employee share-based compensation reserve	<u>–</u>	<u>1,666</u>	<u>1,666</u>
Total effect on equity	<u>(283,392)</u>	<u>–</u>	<u>(283,392)</u>

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures ²
HKAS 21 (Amendment)	Net Investment in a Foreign Operation ²
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions ²
HKAS 39 (Amendment)	The Fair Value Option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts ²
HKFRS 6	Exploration for and Evaluation of Mineral Resources ²
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) –Int 4	Determining whether an Arrangement Contains a Lease ²
HK(IFRIC) –Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds ²
HK(IFRIC) –Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment ³
HK(IFRIC) –Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

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

² Effective for annual periods beginning on or after 1 January 2006.

³ Effective for annual periods beginning on or after 1 December 2005.

⁴ Effective for annual periods beginning on or after 1 March 2006.

The Directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group.

3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments which are measured at revalued amounts or fair values as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA as well as the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

(a) Consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries made up to 31 December 2005.

Results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from their effective dates of acquisition to the end of the year or up to the effective dates of disposal as the case may be.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Property, plant and equipment

Property, plant and equipment, other than building under construction, are stated at cost or fair value less accumulated depreciation and impairment loss. Building held for use in the supply of goods or services, or for administrative purpose are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Any revaluation increase arising on revaluation of building is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits/accumulated losses.

Depreciation is provided to write off the cost or fair value of an item of property, plant and equipment over their estimated useful lives, and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Building	4% to 10% or over the terms of the lease, whichever is shorter
Laboratory instruments, plant and equipment	6% – 33 $\frac{1}{3}$ %
Furniture, fixtures and other assets	4% – 50%

Assets held under finance leases are depreciated on the same basis as owned assets, or, where shorter, the term of the relevant lease.

No depreciation is provided on assets under construction. Depreciation will commence on the same basis as other assets of the same category when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year in which the item is de-recognized.

(c) Prepaid lease for land

Leasehold land premiums are up-front payments to acquire interests in leasehold properties. The premiums are stated at cost and are charged to the income statement over the period of the lease on a straight-line basis.

(d) Intangible assets**i. Development costs**

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activities.

Capitalized development costs are stated at cost less amortization and impairment losses. Amortization of development costs is charged to the income statement on a straight line basis over the estimated useful lives of the underlying products of 10 years.

ii. Patents

On initial recognition, patents acquired separately and from business combinations are recognized at cost. After initial recognition, patents are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over the estimated useful lives of the relevant products of 10 years.

iii. Goodwill

Goodwill arising from business combination represents the excess of costs of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Such goodwill is carried at cost less any accumulated impairment losses.

A discount on acquisition arising from business combination represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognized immediately in the income statement.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

iv. Trademarks

On initial recognition, trademarks acquired from business combinations are recognized at cost. Trademarks with indefinite useful lives are not amortized but are tested for impairment annually by comparing their carrying amounts with their recoverable amounts. An impairment loss is recognized immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

v. Other intangible assets

On initial recognition, other intangible assets acquired from business combinations are recognized at cost. After initial recognition, other intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over the estimated useful lives of the relevant products of 10 years.

(e) Impairment

At the relevant reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill and intangible assets with indefinite useful lives which are disclosed in note (d) above) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as expenses immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of an asset/cash-generating unit is increased to the revised estimate of its recoverable amount, but such reversal cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets/cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Investments in associates

Investments in associates are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for any identified impairment loss. Results of associates are incorporated in the income statement to the extent of the Group's share of the post-acquisition profits or losses calculated from their financial statements made up to the financial year end of the Group. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payment on behalf of that associate.

(g) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

i. Investments at fair value through profit and loss

The financial assets/liabilities at fair value through profit and loss held by the Group are debt securities with embedded derivative not separated, derivative financial instruments or securities held for trading purpose. They are carried at fair value, with any changes in fair value being recognized in the income statement.

ii. Available-for-sale investments

Available-for-sale investments are non-derivative instruments or instruments not held for trading purpose. They are carried at fair value, with any changes in fair value being recognized in investment revaluation reserve. Upon disposal or when these financial assets are determined to be impaired, the cumulative gain or loss previously recognized in investment revaluation reserve is removed from the reserve and recognized in the income statement.

iii. Loans and receivables

Loans and receivables (including debt investment and receivables) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method, less any identified impairment losses.

iv. Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

v. Other financial liabilities

Other financial liabilities including bank loans, other loans and payables are measured at amortised cost, using the effective interest method.

vi. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

(i) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Sales of goods are recognized when goods are delivered and title has passed. Interest income is accrued on a time basis by reference to the principal outstanding using the effective interest method. Disposal and trading of investments is recognized on a trade-date basis.

(j) Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms or the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the risks and rewards of ownership remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

(k) Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

(l) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated at the prevailing rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the prevailing rates on the relevant reporting date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, assets and liabilities of the Group's operations with financial records maintained in the functional currency that is different from the presentation currency are translated into the presentation currency at the prevailing rates on the balance sheet date. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are dealt with in the Group's exchange reserve.

Goodwill arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising therefrom are recognized in the exchange reserve.

(m) Share-based payment

The fair value of the share options granted by the Company is determined by reference to the fair value of the share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognized in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognized in employee share-based compensation reserve will be transferred to retained earnings or set off against accumulated losses where appropriate.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and

deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. Critical Accounting Estimates and Assumptions

In the process of applying the Group's accounting policies described in note 2, management has made estimates and assumptions concerning the future. The estimates and assumptions that have a significant impact on changes in value of the carrying amounts of the most significant amounts of assets/liabilities include goodwill and development costs.

In determining whether goodwill has been impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flow expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value of subsidiaries where the goodwill arises. Where the actual future cash flows are less than the expected future cash flows, impairment losses may arise. As at 31 December 2005, no impairment loss has been identified.

Determining whether capitalized development cost is impaired requires an estimation of the recoverable amount through future commercial activity which requires the Group to estimate the future cash flows expected to arise from the developed products. Impairment losses may arise when actual cash flows are less than expected. As at 31 December 2005, no impairment loss has been identified.

Details of the impairment test on goodwill and capitalized development costs are set out in note 16.

As at 31 December 2005, a deferred tax assets of HK\$7,216,000 in relation to unused tax losses has been recognized in the Group's balance sheet. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in the income statement for the period in which such a reversal takes place.

5. Financial Risk Management

The Group's activities expose itself to different kinds of financial risks. The management has been monitoring these risk exposures to ensure appropriate measures are implemented on a timely and effective manner so as to mitigate or reduce such risks.

Currency risk

The Group has some assets and liabilities and transactions denominated in foreign currency and is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the needs arise.

Interest rate risk

The Group's bank borrowings are floating rate borrowings based on market rates and is therefore exposed to cash flow interest rate risk. The Group currently does not use interest rate swap to swap its borrowings from floating rates to fixed rates. However, the management monitors interest rate risk and will consider using interest rate swap should the needs arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Price risk

The Group's available-for-sale investments and financial assets/liabilities at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity and debt security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

6. Turnover

Turnover represents net invoiced value of goods sold, after allowance for returns and trade discount as well as income from investments, and is analysed as follows:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Environment	425,317	155,032
Health	117,167	5,478
Investment income	151,895	169,117
	<u>694,379</u>	<u>329,627</u>

7. Other Income

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Included in other income are:		
Interest income from bank deposits	14,200	3,455
Amortization of discount of other investment	–	11,676
Discount on acquisition of subsidiary	–	3,288
Gain on disposal/redemption of investment in securities	–	23,559
Gain on disposal/redemption of available-for-sale investments	33,794	–
Gain on disposal/redemption of investments at fair value through profit and loss	29,349	–
	<u>29,349</u>	<u>–</u>

8. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK\$172,579,000 (2004: HK\$135,386,000) of which HK\$25,092,000 (2004: HK\$23,853,000) relating to development activities was capitalized and HK\$4,776,000 (2004: Nil) relating to direct labour costs was allocated to cost of sales.

Staff costs also include operating lease rentals of HK\$923,000 (2004: HK\$793,000) in respect of accommodation provided to staff.

9. Finance Costs

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans	17,226	3,904
Other loan	692	492
Loan from a minority shareholder	1,470	–
Finance leases	106	42
	<u>19,494</u>	<u>4,438</u>

10. Taxation

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong	–	2,174
Other jurisdictions	6,501	228
Deferred tax (<i>Note 30</i>)		
Hong Kong	(843)	146
Other jurisdictions	(290)	–
	<u>5,368</u>	<u>2,548</u>

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

The charge for the year can be reconciled to the profit/(loss) before taxation as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>16,146</u>	<u>(2,619)</u>
Notional tax at tax rate of 17.5%	2,826	(458)
Tax effect of share of results of associates	(584)	(399)
Tax effect of non-deductible expenses	9,912	3,890
Tax effect of non-taxable income	(38,360)	(33,289)
Tax effect of tax losses not recognized	28,724	31,878
Utilization of tax losses previously not recognized	(20)	(217)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,935	120
Others	<u>(65)</u>	<u>1,023</u>
Tax expenses	<u><u>5,368</u></u>	<u><u>2,548</u></u>

11. Profit/(Loss) for the Year

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit/(loss) for the year has been arrived at after charging:		
Auditors' remuneration	2,310	806
Depreciation of property, plant and equipment		
Owned assets	44,691	32,016
Assets held under finance leases	<u>754</u>	<u>153</u>
	45,445	32,169
Amount included in production overheads	(3,052)	
Amount capitalized as development costs	<u>(13,557)</u>	<u>(8,654)</u>
	28,836	23,515
Research and development expenditure	72,933	82,730
Amount capitalized as development costs	<u>(42,014)</u>	<u>(42,037)</u>
	30,919	40,693
Amortization of development costs	<u>2,860</u>	<u>2,481</u>
	33,779	43,174
Development cost written off	–	12,204
Patents written off	–	2,470
Loss on disposal of property, plant and equipment	115	52
Allowance for bad debts	1,166	–
Inventories written off	843	2,107
Exchange loss	1,144	456
Share-based payment	623	5,897
Operating lease		
– Land	401	314
– Other properties	4,833	2,433
and after crediting:		
Interest income from available-for-sale investments		
– Listed	7,228	–
– Unlisted	19,952	–
Interest income from investments at fair value through profit and loss		
– Unlisted	99,442	–
Interest income from debt investment		
– Unlisted	21,899	–
Unrealized holding gain on trading securities	–	6,868
Interest income from investment in securities		
– Listed	–	29,524
– Unlisted	–	99,871
Interest income from other investment		
– Unlisted	<u>–</u>	<u>21,594</u>

12. Earnings/(Loss) Per Share

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

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit/(loss) for the year		
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	12,234	(3,968)
Number of shares		
Number of ordinary shares (2004: weighted average) used in the calculation of basic earnings/(loss) per share	6,407,381,600	6,407,316,727
Effect of dilutive potential ordinary shares	–	546,091
Number of ordinary shares (2004: weighted average) used in the calculation of diluted earnings/(loss) per share	6,407,381,600	6,407,862,818

No diluted earnings per share is presented for the year ended 31 December 2005 because the exercise prices for the Company's outstanding share options were higher than the average market price of the shares of the Company and therefore the conversion of the share options would not have any dilutive effect on the earnings per share.

13. Dividends

The Directors do not recommend the payment of any dividend for the year ended 31 December 2005 (2004: Nil).

14. Property, Plant and Equipment

	Building	Building	Laboratory	Furniture,	Total
	HK\$'000	under construction in Mainland China HK\$'000	instruments, plant and equipment HK\$'000	fixtures and other assets HK\$'000	HK\$'000
Cost or valuation					
At 1 January 2004	101,044	–	81,031	40,788	222,863
Additions	–	463	112,010	7,568	120,041
Acquired on acquisition of subsidiaries	–	–	84,936	1,799	86,735
Disposals	–	–	(203)	(1,354)	(1,557)
Exchange difference	–	–	3,926	363	4,289
At 1 January 2005	101,044	463	281,700	49,164	432,371
Additions	39	15,420	19,788	5,719	40,966
Acquired on acquisition of subsidiaries	4,387	–	12,645	2,989	20,021
Disposals	–	–	(1,382)	(1,518)	(2,900)
Transfer	–	(463)	463	–	–
Exchange difference	96	–	(3,964)	(12)	(3,880)
At 31 December 2005	105,566	15,420	309,250	56,342	486,578
Comprising:					
Cost	4,522	15,420	309,250	56,342	385,534
Valuation	101,044	–	–	–	101,044
	105,566	15,420	309,250	56,342	486,578
Depreciation					
At 1 January 2004	2,271	–	29,299	20,052	51,622
Provided for the year	2,270	–	20,911	8,988	32,169
Eliminated upon disposals	–	–	(170)	(938)	(1,108)
Exchange difference	–	–	991	362	1,353
At 1 January 2005	4,541	–	51,031	28,464	84,036
Provided for the year	2,849	–	31,327	11,269	45,445
Eliminated upon disposals	–	–	(801)	(1,134)	(1,935)
Exchange difference	111	–	(1,141)	109	(921)
At 31 December 2005	7,501	–	80,416	38,708	126,625
Net book value					
31 December 2005	98,065	15,420	228,834	17,634	359,953
31 December 2004	96,503	463	230,669	20,700	348,335

The building in Hong Kong was revalued at HK\$101,000,000 on 31 December 2002 by the Directors on an open market value basis with reference to valuation at 30 April 2002 by DTZ Debenham Tie Leung, an independent professional valuer. The Directors considered that, as at 31 December 2005, the fair value of this building did not differ materially from that of 31 December 2002. Had the building been carried at the historical cost less depreciation, their aggregate carrying amount would have been stated at approximately HK\$120,889,000 (2004: HK\$123,806,000).

The net book value of the Group's property, plant and equipment held under finance leases included in furniture, fixtures and other assets amounted to HK\$2,581,000 (2004: HK\$1,469,000).

15. Prepaid Lease for Land

Prepaid lease for land represents prepaid lease for land in Hong Kong leased from Hong Kong Science and Technology Parks Corporation for a term up to 27 June 2047 and land use rights paid to the Mainland China Land Bureau for the use of land for a period for 50 years.

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's prepaid lease comprised:		
Leasehold land in Hong Kong under medium term lease	13,015	13,329
Leasehold land outside Hong Kong	<u>14,812</u>	<u>14,589</u>
	<u>27,827</u>	<u>27,918</u>

16. Intangible Assets

	Development costs <i>HK\$'000</i>	Patents <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademark <i>HK\$'000</i>	Other Intangible assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 January 2004	95,389	10,471	–	–	–	105,860
Additions	50,691	2,181	–	–	–	52,872
Arising on acquisition of subsidiaries	–	56	34,215	–	–	34,271
Amount written off	(12,204)	(2,470)	–	–	–	(14,674)
Exchange difference	–	4	–	–	–	4
At 1 January 2005	133,876	10,242	34,215	–	–	178,333
Additions	56,299	2,086	–	–	–	58,385
Arising on acquisition of subsidiaries	–	–	395,769	79,830	22,205	497,804
Exchange difference	–	(9)	11,119	3,021	1,202	15,333
At 31 December 2005	190,175	12,319	441,103	82,851	23,407	749,855
Amortization						
At 1 January 2004	3,059	477	–	–	–	3,536
Provided for the year	2,481	348	–	–	–	2,829
Exchange difference	–	1	–	–	–	1
At 1 January 2005	5,540	826	–	–	–	6,366
Provided for the year	2,860	428	–	–	1,470	4,758
Exchange difference	–	(7)	–	–	–	(7)
At 31 December 2005	8,400	1,247	–	–	1,470	11,117
Net book value						
At 31 December 2005	181,775	11,072	441,103	82,851	21,937	738,738
At 31 December 2004	128,336	9,416	34,215	–	–	171,967

Goodwill arises from acquisition of 100% interest in Développement Santé Naturelle A.G. Ltée (“AG”), Nuturf Australia Pty Ltd (“Nuturf”) and Envirogreen Pty Limited (“Envirogreen”) on 15 May 2005, 4 August 2005 and 5 August 2005 respectively.

The total cost of acquisition of the subsidiaries during the year amounted to HK\$513,262,000 (2004: HK\$47,632,000) which comprises purchase consideration of HK\$497,318,000 (2004: HK\$44,748,000) and direct attributable acquisition costs of HK\$15,944,000 (2004: HK\$2,884,000).

Pursuant to the agreement for the acquisition of the interests in Fertico Pty Limited (“Fertico”) in 2004, the purchase consideration, of which AU\$4,000,000 was paid, is based on the net profits of Fertico and is in the range from AU\$4,000,000 to AU\$14,400,000. However, the Directors’ best estimate of the consideration would not be higher than AU\$4,000,000. Goodwill on acquisition of Fertico is calculated based on this amount.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired, by accessing the coming 5-year cash flow forecasts and the profit forecasts of the cash generating units which generate the goodwill.

The Group also tests the impairment of capitalized development cost by accessing, where appropriate, the cash flow forecasts, the profit forecasts and the progress of the research activities of the relevant product groups.

Other intangibles assets include customer base and non-competition agreement.

17. Interests in Associates

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investment in associates, unlisted	25,497	25,497
Share of post-acquisition profits	<u>5,425</u>	<u>2,088</u>
	<u><u>30,922</u></u>	<u><u>27,585</u></u>

The summarized financial information in respect of the Group's associates is set out below:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	796,429	285,409
Total liabilities	<u>(686,491)</u>	<u>(186,517)</u>
Net assets	<u><u>109,938</u></u>	<u><u>98,892</u></u>
Group's share of net assets of associates	<u><u>30,922</u></u>	<u><u>27,585</u></u>
Revenue	<u><u>1,653,789</u></u>	<u><u>946,330</u></u>
Profit for the year	<u><u>7,735</u></u>	<u><u>4,188</u></u>
Group's share of results of associates for the year	<u><u>3,337</u></u>	<u><u>2,279</u></u>

18. Debt Investment

The investment represents the Group's sub-participation right in certain financial instrument issued by a financial institution with face value of approximately HK\$229,738,000. The amount carries interest at prevailing market rate with maturity date on 31 March 2009.

19. Available-for-sale-investments

	2005
	<i>HK\$'000</i>
Debt securities – unlisted	<u><u>210,879</u></u>

The above investments represent investments in unlisted debt securities that offer the Group the opportunity for return through interest income or fair value gain. Majority of the investments have no fixed coupon rate.

As at the balance sheet date, all available-for-sale investments were stated at fair value. Their fair values were determined based on the market prices provided by the relevant financial institutions or based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date.

20. Investments at Fair Value through Profit and Loss

	2005 <i>HK\$'000</i>
Equity securities held for trading – listed in Hong Kong at market value	1,746
Debt securities – unlisted	<u>1,326,931</u>
	<u><u>1,328,677</u></u>
Carrying amount analysed for reporting purpose as:	
Current	48,346
Non-current	<u><u>1,280,331</u></u>

The fair value of the above securities are determined based the market price provided by the relevant financial institutions.

21. Derivative Financial Instruments

	2005 Assets <i>HK\$'000</i>	2005 Liabilities <i>HK\$'000</i>
Derivative financial instruments (deemed as held for trading) at fair value:		
Interest rate swap	12,478	(43,430)
Credit default swap	<u>9,883</u>	<u>(11,306)</u>
	<u><u>22,361</u></u>	<u><u>(54,736)</u></u>

The above derivatives are measured at fair value at each balance sheet date. Their fair values are determined based on the market prices provided by the relevant financial institutions at the balance sheet date.

22. Investments in Securities

Investments in securities as at 31 December 2004 are set out below. Upon application of HKAS 39 on 1 January 2005, these investments were reclassified to appropriate categories under HKAS 39 as detailed in note 2.

	2004
	<i>HK\$'000</i>
Non-trading:	
Debt securities – unlisted	1,273,810
Debt securities – listed overseas at market value	278,260
Equity securities – unlisted	59,809
Trading:	
Equity securities – listed in Hong Kong at market value	<u>9,756</u>
	<u>1,621,635</u>
Carrying amount analysed for reporting purpose as:	
Current	97,795
Non-current	<u>1,523,840</u>

23. Inventories

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	47,787	15,299
Work in progress	3,665	1,110
Finished goods	<u>76,462</u>	<u>25,075</u>
	<u>127,914</u>	<u>41,484</u>

The cost of inventories recognized as an expense during the year was HK\$360,904,000 (2004: HK\$128,989,000).

24. Receivables and Prepayments

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	122,021	45,772
Other receivables, deposits and prepayments	<u>80,969</u>	<u>94,708</u>
	<u>202,990</u>	<u>140,480</u>
Trade receivables		
Aged 0 to 90 days	116,640	44,121
Aged more than 90 days	<u>5,381</u>	<u>1,651</u>

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

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

25. Payables and Accruals

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Trade payables	79,989	23,954
Other payables and accrued charges	<u>136,969</u>	<u>88,992</u>
	<u>216,958</u>	<u>112,946</u>
Trade payables		
Aged 0 to 90 days	78,342	22,673
Aged more than 90 days	<u>1,647</u>	<u>1,281</u>

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

26. Bank Loans

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Bank loans repayable		
within 1 year	93,080	20,368
2 to 5 years	<u>461,200</u>	<u>60,217</u>
	<u>554,280</u>	<u>80,585</u>
Analysed as:		
Secured	373,650	61,785
Unsecured	<u>180,630</u>	<u>18,800</u>
	<u>554,280</u>	<u>80,585</u>
Carrying amount analysed for reporting purpose as:		
Current	93,080	20,368
Non-current	<u>461,200</u>	<u>60,217</u>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Canadian dollars (<i>note (a)</i>)	373,650	–
Australian dollars (<i>note (b)</i>)	108,630	61,785
Renminbi (<i>note (c)</i>)	<u>72,000</u>	<u>18,800</u>
	<u>554,280</u>	<u>80,585</u>

Note:

- (a) The bank loans are secured by a charge over the assets of a subsidiary and carries interest with reference to the Banker's Acceptance Rate plus a stamping fee of 0.5%. One of the loans is a demand operating facility and the other loan is for a period of three years from May 2005 to May 2008.

- (b) The bank loans are unsecured and bear a floating interest with reference to the Bill Swap Reference Rate (Bid) plus 0.45% for a period of three years from August 2005 to August 2008.
- (c) The bank loans are unsecured and bear a floating interest with reference to The People's Bank of China plus a margin ranging from 0% –1.023% and repayable within one year.

The bank loans are arranged at floating rates and the Directors consider that the carrying amount of the bank loans approximates their fair value.

27. Other Loan

Other loan in 2004 represented amount due by a subsidiary (the "Subsidiary") to a former fellow subsidiary before the Group acquired the Subsidiary. The amount was fully repaid during the year.

28. Finance Lease Obligations

	Minimum leases payment		Present value of minimum lease payments	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance leases obligations payable				
within one year	1,719	437	559	371
within two to five years	1,014	692	1,741	621
	2,733	1,129	2,300	992
Less: Future finance charges	(433)	(137)	N/A	N/A
Present value of finance leases obligations	<u>2,300</u>	<u>992</u>	<u>2,300</u>	<u>992</u>
Carrying amount analysed for reporting purpose as:				
Current			559	371
Non-current			<u>1,741</u>	<u>621</u>

The finance leases are secured on certain property, plant and equipment with average lease term of 3-4 years. No residual value is expected at the end of the term.

29. Loan From A Minority Shareholder

Loan from a minority shareholder was unsecured, bearing interest with reference to Bill Swap Reference Rate (Bid) plus 0.9% to 1.1% with effect from April 2005 and with no fixed terms of repayment. However, the minority shareholder has agreed not to demand repayment within one year. The loan was interest free prior to April 2005.

30. Deferred Taxation

The major deferred tax (assets)/liabilities recognized by the Group and movements during the period are as follows:

	Accelerated tax depreciation <i>HK\$'000</i>	Development costs <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2004	10,763	16,158	(26,921)	–
Charge/(credit) to income statement	<u>(154)</u>	<u>6,301</u>	<u>(6,001)</u>	<u>146</u>
As at 1 January 2005	10,609	22,459	(32,922)	146
Acquisition of subsidiaries	27,513	–	(665)	26,848
Charge/(credit) to income statement	(2,024)	8,430	(7,539)	(1,133)
Exchange difference	<u>1,193</u>	<u>–</u>	<u>–</u>	<u>1,193</u>
As at 31 December 2005	<u><u>37,291</u></u>	<u><u>30,889</u></u>	<u><u>(41,126)</u></u>	<u><u>27,054</u></u>

The following is the analysis of the deferred tax balances for balance sheet purpose:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Deferred tax liabilities	34,270	146
Deferred tax assets	<u>(7,216)</u>	<u>–</u>
	<u><u>27,054</u></u>	<u><u>146</u></u>

At the balance sheet date, the total un-utilized tax losses amounted to approximately HK\$1,030,000,000 (2004: HK\$819,244,000). A deferred tax asset has been recognized in respect of HK\$219,766,000 (2004: HK\$188,126,000) of such losses. No deferred tax asset has been recognized in respect of the remaining HK\$810,234,000 (2004: HK\$631,118,000) as it is not possible to predict the trend of future profits to determine the amount of available tax losses to be utilized. Tax losses of approximately HK\$20,485,000 (2004: HK\$11,267,000) arising in Mainland China can only be carried forward for five years subsequent to the year of tax losses incurred.

31. Share Capital

	Number of shares of HK\$0.1 each <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorized	<u><u>15,000,000</u></u>	<u><u>1,500,000</u></u>
Issued and fully paid:		
At 1 January 2004	6,407,030	640,703
Shares issued under share option scheme	<u>352</u>	<u>35</u>
At 1 January 2005 and 31 December 2005	<u><u>6,407,382</u></u>	<u><u>640,738</u></u>

32. Share Option Scheme

The Company adopted a share option scheme on 26 June 2002 (the “Scheme”) under which the Directors or employees of the Company or its subsidiaries or certain other persons may be granted options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Scheme.

As at 31 December 2005, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 18,470,700 (2004: 21,250,000 shares), representing 0.29% (2004: 0.33%) of the share of the Company in issue at that date. Details of the share options granted are as follows:

Year 2005

Date of grant	Number of share options					Outstanding as at 31 December 2005	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2005	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year			
30/9/2002	3,660,500	–	–	472,000	–	3,188,500	30/9/2003 – 29/9/2012	1.598
27/1/2003	8,185,500	–	–	1,057,300	–	7,128,200	27/1/2004 – 26/1/2013	1.446
19/1/2004	9,404,000	–	–	1,250,000	–	8,154,000	19/1/2005 – 18/1/2014	1.762

Year 2004

Date of grant	Number of share options					Outstanding as at 31 December 2004	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2004	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year			
30/9/2002	3,952,000	–	34,500	257,000	–	3,660,500	30/9/2003 – 29/9/2012	1.598
27/1/2003	9,146,000	–	317,100	643,400	–	8,185,500	27/1/2004 – 26/1/2013	1.446
19/1/2004	–	10,160,000	–	756,000	–	9,404,000	19/1/2005 – 18/1/2014	1.762

Details of the vesting period for the above options are as follows:

- (i) up to 35% of the options in the first year after commencement of the option period;
- (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) in the second year after commencement of the option period; and
- (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) in the third year and thereafter after the commencement of the option period.

The estimated fair values of the options granted on 2003 and 2004 are HK\$0.74 and HK\$0.72 respectively. These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Share options granted on	
	27 January 2003	19 January 2004
Exercise price	HK\$1.446	HK\$1.762
Expected volatility	35.78%	19.91%
Expected life	10 years	10 years
Risk-free rate	4.399%	4.034%
Expected dividend yield	0%	0%

In the current year, the Group has applied HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not vested on 1 January 2005. Comparative figures have been restated. The Group recognized the total expenses of HK\$623,000 for the year ended 31 December 2005 (2004: HK\$5,897,000) in relation to share options granted by the Company.

33. Pledge of Assets

Bank loan of HK\$373,650,000 (2004: HK\$61,785,000) is secured by a mortgage over the cash, accounts receivable, inventories, property, plant and equipment and other intangibles assets of a subsidiary with a carrying value of HK\$160,627,000 as at 31 December 2005.

Obligations under finance leases are secured by the lessor's charge over the leased assets.

34. Operating Lease Commitment

Leases are negotiated for a term ranging from one to two years and rentals are fixed for an average of one year. Minimum lease charges payable by the Group within one year and in the second to fifth years inclusive under non-cancellable operating leases in respect of rented premises were HK\$6,783,000 (2004: HK\$4,434,000) and HK\$22,999,000 (2004: HK\$7,543,000) respectively.

35. Capital Commitment

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitment in respect of the acquisition of laboratory instrument, plant and equipment		
– contracted but not provided for	2,481	14,618
– authorized but not contracted for	–	979
	<u>2,481</u>	<u>15,597</u>

36. Retirement Benefits Scheme

The principal employee retirement schemes operated by the Group are defined contribution schemes. For Hong Kong employees, contributions are made by either employer only or by both employer and employees at rates ranging from approximately 5% to 10% on employee's salary. For overseas employees, contributions are made by employer at rates ranging from 9% to 20% on employee's salary.

The Group's cost incurred on employees retirement schemes for the year was HK\$12,031,000 (2004: HK\$8,905,000) and forfeited contribution during the year of HK\$2,467,000 (2004: HK\$1,273,000) was used to reduce the Group's contribution in the year.

37. Directors' Emoluments and Five Highest Paid Individuals

(a) Directors' emoluments

Directors' emoluments paid to the Company's Directors for the year ended 31 December 2005 were as follows:

Name of Director	Fees	Basic salaries and allowances	Bonuses	Retirement benefits scheme contributions	Total emoluments 2005	Total emoluments 2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Li Tzar Kuoi, Victor	70	–	–	–	70	70
Kam Hing Lam	70	1,400	–	–	1,470	4,270
Ip Tak Chuen, Edmond	70	600	–	–	670	1,870
Yu Ying Choi, Alan Abel	70	4,789	1,300	470	6,629	6,356
Pang Shiu Fun	70	4,473	1,200	438	6,181	5,840
Chu Kee Hung	70	3,083	1,000	302	4,455	4,074
Lam Hing Chau, Leon	61	1,827	481	179	2,548	2,790
Kwan Chiu Yin, Robert	38	–	–	–	38	89
Peter Peace Tulloch	70	–	–	–	70	70
Wong Yue-chim, Richard	140	–	–	–	140	140
Kwok Eva Lee	160	–	–	–	160	140
Colin Stevens Russel	160	–	–	–	160	–
	<u>1,049</u>	<u>16,172</u>	<u>3,981</u>	<u>1,389</u>	<u>22,591</u>	<u>25,709</u>

The Directors' fees included an amount of HK\$70,000 (2004: HK\$70,000) for each director and an additional amount of HK\$70,000 (2004: HK\$70,000) and HK\$20,000 (2004: Nil) for each Independent Non-executive Director who is also a member of the audit committee and remuneration committee respectively. Such fees would be proportioned according to the length of services of the directors during the year.

The remuneration of Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

None of the Directors waived any emoluments in the year ended 31 December 2005. No incentives were paid by the Group to the Directors as inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, four (2004: four) of them are Directors whose emoluments are disclosed in note (a) above. The emoluments of the remaining one (2004: one) are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salary and other benefits	4,488	3,234
Bonus	–	3,000
Retirement benefits scheme contributions	<u>360</u>	<u>240</u>
	<u>4,848</u>	<u>6,474</u>

No incentive was paid by the Group to the above individual as inducements to join, or upon joining the Group, or as a compensation for loss of office.

38. Purchase of Subsidiaries

	Acquiree's carrying amount before combination <i>HK\$'000</i>	Fair value adjustment <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Net assets acquired:			
Property, plant and equipment	20,021	–	20,021
Intangible assets – trademark	–	79,830	79,830
– other intangible assets	–	22,205	22,205
Deferred tax assets	3,612	–	3,612
Inventories	57,309	–	57,309
Receivables and prepayments	32,059	–	32,059
Bank balances and cash	3,739	–	3,739
Payable and accruals	(50,005)	–	(50,005)
Bank overdrafts	(5,237)	–	(5,237)
Taxation	1,779	–	1,779
Bank and other loans	(17,359)	–	(17,359)
Deferred tax liabilities	<u>–</u>	<u>(30,460)</u>	<u>(30,460)</u>
	45,918	71,575	117,493
Goodwill on acquisition			<u>395,769</u>
Total consideration			<u>513,262</u>
Discharged by:			
Cash payment (including acquisition costs)			513,262
Cash and cash equivalents purchased			<u>1,498</u>
			<u>514,760</u>

Goodwill arising from acquisition of 100% interest in AG, Nuturf and Envirogreen on 15 May 2005, 4 August 2005 and 5 August 2005 respectively is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combinations.

The subsidiaries acquired during the year contributed HK\$277,662,000 to the Group's turnover and profit of HK\$11,093,000 to the profit attributable to equity holders of the Company.

If the acquisition had been completed on 1 January 2005, total group turnover for the year would have been HK\$916,957,000, and profit for the year would have been HK\$11,364,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2005, nor is it intended to be a projection of future results.

39. Segment Information

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

(a) Business segments

	Environment		Health		Investment		Unallocated		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	425,317	155,032	117,167	5,478	151,895	169,117	-	-	694,379	329,627
Segment results	(21,482)	(44,695)	(5,316)	(29,989)	187,060	204,423	-	-	160,262	129,739
Other income									4,277	7,265
Business development expenditure	-	-	-	-	-	-	(28,889)	(26,007)	(28,889)	(26,007)
Research and development expenditure	-	-	-	-	-	-	(26,843)	(39,308)	(26,843)	(39,308)
Corporate expenses									(76,504)	(76,328)
Finance costs	(10,257)	(4,438)	(9,237)	-	-	-	-	-	(19,494)	(4,438)
Gain on disposal of an associate									-	4,179
Share of results of associates	3,337	2,279	-	-	-	-	-	-	3,337	2,279
Profit/(loss) before taxation									16,146	(2,619)
Taxation									(5,368)	(2,548)
Profit/(loss) for the year									10,778	(5,167)
Segment assets	474,427	314,987	353,461	153,778	1,819,390	1,892,260	-	-	2,647,278	2,361,025
Goodwill	143,322	34,215	297,781	-	-	-	-	-	441,103	34,215
Interests in associates	30,922	27,585	-	-	-	-	-	-	30,922	27,585
Bank balances and deposits									372,433	442,850
Other assets									189,147	197,132
Total assets									3,680,883	3,062,807
Segment liabilities	(300,703)	(83,718)	(396,435)	(6,078)	(96,115)	-	-	-	(793,253)	(89,796)
Other liabilities									(103,543)	(128,023)
Total liabilities									(896,796)	(217,819)
Other information										
Amortization of intangible assets	2,781	2,769	1,977	60	-	-	-	-	4,758	2,829
Depreciation	6,685	3,957	8,196	10,711	-	-	13,955	17,501	28,836	32,169
Capital additions	23,143	92,714	65,149	78,729	-	-	11,059	16,059	99,351	187,502

(b) **Geographical segments**

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

	Turnover		Segment assets		Capital additions	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	17,059	24,202	635,070	380,830	62,183	66,810
Canada	111,300	–	460,480	–	2,603	–
Mainland China	138,109	84,083	267,724	248,651	28,732	116,596
Other Asian countries	7,444	1,932	103,253	122,258	–	–
Australia	278,062	68,222	414,695	180,312	3,747	1,915
America	28,762	622	569,654	270,709	–	–
Europe (<i>Note</i>)	113,643	150,566	1,230,007	1,860,047	2,086	2,181
	<u>694,379</u>	<u>329,627</u>	<u>3,680,883</u>	<u>3,062,807</u>	<u>99,351</u>	<u>187,502</u>

Note: Including mainly financial instruments.

40. Related Party Transactions

During the year, the Group entered into the following transactions with related parties:

- a) The Group made sales of HK\$3,308,000 (2004: HK\$3,358,000) to Hutchison International Limited (“HIL”) group. HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited which is the associate of a substantial shareholder of the Company, Cheung Kong (Holdings) Limited.
- b) The Group made sales of HK\$16,552,000 (2004: HK\$18,862,000) to Jiangsu Su Nong Agricultural Means Chain Company Ltd., an indirect associate of the Group.

The prices of these transactions were agreed between the parties concerned.

The emoluments of key management have been presented in note 37 above.

3. UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an unaudited pro forma statement of consolidated net tangible assets of the Group which has been prepared based on the audited net assets as at 31 December 2005 and as if the Rights Issue had been completed on 31 December 2005 together with the assumptions set out in the notes below. This statement has been prepared for the purpose of illustrating how the Rights Issue might have affected the net tangible assets of the Group. As the statement has been prepared for illustrative purposes only, it may not purport to represent what the net tangible assets of the Group shall be on actual completion of the Rights Issue.

	<i>HK\$'000</i>	Net tangible assets before the Rights Issue <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i>	Pro forma unaudited net tangible assets on completion of the Rights Issue <i>HK\$'000</i>
Audited net assets as at 31 December 2005	2,784,087			
Audited intangible assets	<u>738,738</u>		<i>(Note 1)</i>	
		<u>2,045,349</u>	<u>2,067,399</u>	<u>4,112,748</u>
Unaudited net tangible assets per share		<i>(Note 2)</i> HK\$0.32		<i>(Note 3)</i> HK\$0.43

Notes:

- The estimated net proceeds from the issue of the Right Shares are based on 3,203,690,800 Rights Shares to be issued at the Subscription Price of HK\$0.65 per Rights Share and deducting the estimated expenses of approximately HK\$15 million and assuming no outstanding Options will be exercised prior to the Record Date.
- The unaudited net tangible assets of the Group per Share before the Rights Issue is calculated based on the 6,407,381,600 Shares in issue as at the Latest Practicable Date and assuming that no outstanding Options will be exercised prior to the Record Date.
- The pro forma unaudited net tangible assets of the Group per Share is calculated based on 6,407,381,600 Shares in issue as at the Latest Practicable Date and 3,203,690,800 Rights Shares to be issued pursuant to the Rights Issue assuming that no outstanding Options will be exercised prior to the Record Date.

4. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report from Deloitte Touche Tohmatsu, the reporting accountants, in respect of the unaudited pro forma statement of consolidated net tangible assets of the Group as set out under the heading "Unaudited Pro Forma Statement of Consolidated Net Tangible Assets of the Group" in this Appendix I, prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤**

13 April 2006

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA
FINANCIAL INFORMATION TO THE DIRECTORS OF
CK LIFE SCIENCES INT'L., (HOLDINGS) INC.**

We report on the unaudited pro forma financial information of CK Life Sciences Int'l., (Holdings) Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed issue of 3,203,690,800 new shares of HK\$0.10 each in the Company on the basis of one new share for every two existing shares of the Company at a price of HK\$0.65 per rights share (the "Rights Issue") might have affected the financial information presented, for inclusion as Appendix I to the prospectus of the Company dated 13 April 2006. The basis of preparation of the unaudited pro forma financial information is set out on page 56 of the prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2005 or any future date.

Opinion

In our opinion

- a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

5. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 28 February 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had total borrowings of approximately HK\$626 million comprising secured bank borrowings of approximately HK\$368 million, and other unsecured borrowings of approximately HK\$256 million and finance lease obligations of HK\$2 million.

Contingent Liabilities

As at 28 February 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had no significant contingent liabilities.

Capital Commitment

As at 28 February 2006, the Group had capital commitment of approximately HK\$2 million.

Mortgages and Charges

As at 28 February 2006, certain assets including cash, accounts receivable, inventories, property, plant and equipment and other intangibles assets of a subsidiary with a net book value of HK\$157 million were pledged to secure borrowing facilities granted to the Group.

Debt Securities

As at 28 February 2006, the Group had no outstanding debt securities.

Disclaimer

Save as aforesaid and apart from intra-Group liabilities, at the close of business on 28 February 2006, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

6. WORKING CAPITAL

The Directors are of the opinion that, the Group has sufficient working capital for its present requirements (i.e. for at least 12 months from the date of this prospectus) after taking into account the internal resources of and banking and other facilities available to the Group and the estimated net proceeds from the Rights Issue.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2005, the date to which the latest audited financial statements of the Group were made up.

8. BUSINESS REVIEW AND FUTURE PROSPECTS OF THE GROUP

Business Review

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

Acquisitions are a major tenet of the Group's expansion strategy, enabling the Group to extend its presence into new and existing markets quickly, while also adding new sources of revenue. During the year ended 31 December 2005, the Group completed the acquisitions of three overseas companies: Développement Santé Naturelle A.G. Ltée, a Canadian nutraceutical company in May 2005; Envirogreen Pty Limited, an Australian company specializing in horticultural products and Nuturf Australia Pty Ltd, an Australian company engaging in the distribution of turf management products, both in August 2005. The total consideration for these acquisitions amounted to approximately HK\$513,262,000.

In addition to the income generated by new acquisitions, the Group recorded substantial sales growth in its existing agricultural related and health related businesses. Overall, sales have increased to HK\$542 million, over 3 times that of the year ended 31 December 2004. On the agriculture-related side, sales increased by 1.7 times for the year ended 31 December 2005, with a total of HK\$425 million in revenue recorded. This growth was driven mainly by strong sales in China and Australia. The sales network for the Group's fertilizer business now spans 14 countries and regions. On the health-related side, global sales grew by 20 times for the year ended 31 December 2005, significantly enhanced by the addition of Adrien Gagnon to the Group's portfolio. As the VitaGain® range of products expanded, the Group's sales base was broadened. The Group now plans to introduce the range of "Adrien Gagnon" products to new markets across the world.

For the year ended 31 December 2005, the Group continued to adopt a prudent and disciplined approach in research and development. Since the beginning of 2005, the Group has been granted 9 patents for its inventions by the US Patent and Trademark Office, with the total up to now amounting to 27. Good progress has also been made in the area of cancer research by the Group with 4 anti-cancer pharmaceutical patents filed to the US Patent and Trademark Office granted patents. The Group's pre-clinical studies conducted in conjunction with some of the leading research institutes in the world have also achieved positive results.

Prospects

The Group achieved record revenue of HK\$694.4 million for the year ended 31 December 2005, a 111% increase over the previous year. Profits before tax for the year 2005 was HK\$16.1 million, compared to a re-stated loss before tax of HK\$2.6 million in the previous year.

The Group has dedicated special efforts to explore acquisition opportunities to drive growth over the past few years, and will continue to consider investments around the globe, including those in North America, Europe, Australia and Asia. In February 2006, CK Life Sciences Int'l., Inc., a wholly-owned subsidiary of the Company, entered into an agreement to acquire 80% of the common shares of Vitaquest International Holdings LLC ("Vitaquest") and 100% interest of Vitaquest senior preferred interests. The enterprise value of Vitaquest amounts to US\$345 million (approximately HK\$2,684.1 million). Based on the latest information available, the purchase price for Vitaquest is currently expected to be approximately US\$161 million (approximately HK\$1,252.6 million). CK Life Sciences Int'l., Inc. will also cause an amount which is currently expected to amount to approximately US\$149 million (approximately HK\$1,159.2 million) to be funded to Vitaquest upon completion of the acquisition for its repayment of debts in an equivalent aggregate amount. Vitaquest has its operations in the United States and is engaged in the business of supplying and manufacturing nutritional supplements worldwide. There will be no variation to the remuneration payable to and benefits in kind receivable by the directors of the Group in consequence of the acquisition of Vitaquest.

The Group will continue to roll out new products to increase global market penetration, as well as introduce new products from its overseas companies and partners. At the same time, the Group will widen its sales and distribution network to bring its product range to more markets outside of Hong Kong.

Looking forward, the Group will continue to strengthen its research and development platform in a prudent and disciplined way, and will accelerate the expansion of the Group's business and widen the geographic reach through overseas acquisitions. The aim is to establish new milestones in revenue and profit growth in the course of a very short period of time.

1. RESPONSIBILITY STATEMENT

This prospectus, 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 enquires, confirm that, to the best of their knowledge and belief:

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Record Date and following completion of the Rights Issue (assuming the Rights Issue becoming unconditional) will be as follows:

(i) Authorized capital

	<i>HK\$</i>
15,000,000,000 Shares of HK\$0.10 each as at the Record Date	1,500,000,000

(ii) Shares issued and to be issued as fully-paid

	<i>HK\$</i>
6,407,381,600 Shares in issue as at the Record Date	640,738,160
<u>3,203,690,800</u> Rights Shares proposed to be issued	<u>320,369,080</u>
<u>9,611,072,400</u> Shares in issue after the Rights Issue (<i>Note</i>)	<u>961,107,240</u>

Note: Assuming the Rights Issue becomes unconditional and the Rights Shares are fully subscribed and no further Shares are issued by the Company between the Record Date and date of completion of the Rights Issue.

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital, and with all Shares in issue as at the date of allotment and issue of the Rights Shares in terms of voting rights and with respect to dividends and other distributions the record date of which is on or after such date. The Rights Shares to be issued will be listed on GEM.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than GEM and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed in this prospectus, the Company did not have any other options, warrants and other convertible securities or rights that are exchangeable or convertible into Shares or conferring any right to subscribe for the Shares as at the Latest Practicable Date.

3. 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 (a) 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 (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO, or (c) were required, pursuant to the Model Code on Securities Transactions by Directors adopted by the Company (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%
Peter Peace Tulloch	Beneficial owner	700,000	–	–	–	700,000	0.01%
Wong Yue-chim, Richard	Beneficial owner	250,000	–	–	–	250,000	0.004%
Kwok Eva Lee	Beneficial owner	200,000	–	–	–	200,000	0.003%

Notes:

- Such 2,820,008,571 Shares are held by a subsidiary of Cheung Kong (Holdings) Limited (“Cheung Kong Holdings”). Li Ka-Shing Unity Trustee Company Limited (“TUT”) as trustee of The Li Ka-Shing Unity Trust (the “LKS Unity Trust”) and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong Holdings. Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Mr. Li Tzar Kuoi, Victor, as a discretionary beneficiary of such discretionary trusts and a Director of the Company, is taken to be interested in those shares of Cheung Kong Holdings and thus is taken to be interested in those 2,820,008,571 Shares held by the subsidiary of Cheung Kong Holdings under the SFO.
- 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

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.

4. 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 ("Gold Rainbow")	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	Interest of controlled corporations	2,820,008,571 (Note ii)	44.01%
TUT as trustee of the LKS Unity Trust	Trustee	2,820,008,571 (Note iii)	44.01%
TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
TDT2 as trustee of another discretionary trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
Trueway International Limited ("Trueway")	Beneficial owner	1,410,004,286	22.01%
Tangiers Enterprises Limited ("Tangiers")	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 ("Triluck")	Beneficial owner	470,001,429	7.33%
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 above. Since Gold Rainbow is wholly owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of Shares in which Gold Rainbow was interested under the SFO.
- ii. As Gotak Limited is wholly-owned by Cheung Kong Holdings, Cheung Kong Holdings is deemed to be interested in the same number of Shares which Gotak Limited is deemed to be interested under the SFO.

- iii. TUT as trustee of the LKS Unity Trust and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong Holdings. TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. Under the SFO, each of TUT as trustee of the LKS Unity Trust, TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust is deemed to be interested in the same block of Shares as Cheung Kong Holdings is deemed to be interested as disclosed in Note ii above.
- iv. Trueway and Triluck are wholly-owned by 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 Cheung Kong Holdings are respectively deemed to be interested under the SFO. As Mr. Li Ka-shing owns the entire issued share capital of Tangiers and one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn holds the entire issued share capital of TUT, TDT1 and TDT2, under the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of Shares in which both Tangiers and Cheung Kong Holdings are deemed to be interested as mentioned above.
- vi. The interests of Mr. Cheung Ling Yuk, Larry in the share options granted by the Company are separately disclosed in the paragraph 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%

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.

5. 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 17,896,700 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	3,100,500	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	6,898,200	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	7,898,000	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.

6. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of the 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, manufacturing, commercialization, marketing and selling of environmental and human health products.
- (ii) Investment in various financial and investment products.

(2) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note 2)
Li Tzar Kuoi, Victor	Cheung Kong Holdings	Managing Director and Deputy Chairman (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director and Deputy Chairman (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Chairman (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director (Note 1)	(ii)
Kam Hing Lam	Cheung Kong Holdings	Deputy Managing Director (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director	(ii)
Ip Tak Chuen, Edmond	Cheung Kong Holdings	Deputy Managing Director	(ii)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(i) & (ii)
	TOM Group Limited	Non-executive Director	(ii)
	CATIC International Holdings Limited	Non-executive Director	(ii)
	Excel Technology International Holdings Limited	Non-executive Director	(ii)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(ii)

Name of Director	Name of Company	Nature of Interest	Competing Business <i>(Note 2)</i>
Pang Shiu Fun	Cheung Kong Holdings	Holder of listed shares	(ii)
	Hutchison Whampoa Limited	Holder of listed shares	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Holder of listed shares	(i) & (ii)
Wong Yue-chim, Richard	Great Eagle Holdings Limited	Independent Non-executive Director	(ii)
	Orient Overseas (International) Limited	Independent Non-executive Director	(ii)
Kwok Eva Lee	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)
	Shoppers Drug Mart Corporation	Independent Director	(i)
Colin Stevens Russel	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)
Name of Management Shareholder	Name of Company	Nature of Interest	Competing Business <i>(Note 2)</i>
Li Ka-shing	Cheung Kong Holdings	Chairman <i>(Note 1)</i>	(ii)
	Hutchison Whampoa Limited	Chairman <i>(Note 1)</i>	(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.

7. DIRECTORS' INTERESTS IN CONTRACTS

- (a) As at the Latest Practicable Date, 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 are materially interested in any contract or arrangement subsisting at the date of this prospectus and which is significant in relation to the business of the Group.

8. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**Executive Directors:**

LI Tzar Kuoi, Victor, aged 41, is the Chairman of the Group since April 2002 and the Chairman of the Remuneration Committee of the Company. He is the Managing Director and Deputy Chairman of Cheung Kong Holdings. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited, Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited, Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Li serves as a member of the Standing Committee of the 10th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Executive Committee of the Commission on Strategic Development of the Hong Kong Special Administrative Region. Mr. Li holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr. Victor Li is son of Mr. Li Ka-shing, a substantial Shareholder within the meaning of Part XV of the SFO, and nephew of Mr. Kam Hing Lam, President and Chief Executive Officer of the Company. Mr. Victor Li is also a Director of each of (i) Triluck, a management Shareholder, and (ii) Trueway, (iii) Tangiers, (iv) Gold Rainbow, (v) Gotak Limited and (vi) Cheung Kong Holdings, all being substantial Shareholders within the meaning of Part XV of the SFO.

KAM Hing Lam, aged 59, is the President and Chief Executive Officer of the Group responsible for overall strategic direction and key operating decisions. He has been instrumental in the formation of the Group. He has been with the Group since its establishment in December 1999 and has played a leading role in developing the Group's corporate direction and strategic vision and in guiding the Group in pursuit of its corporate business and operational objectives. Mr. Kam is also a Deputy Managing Director of Cheung Kong Holdings, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited, and a Non-executive Director of Spark Infrastructure Group. He holds a Bachelor of Science degree in Engineering and a

Master's degree in Business Administration. Mr. Kam is uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Mr. Kam is also a Director of each of (i) Gold Rainbow, (ii) Gotak Limited and (iii) Cheung Kong Holdings, all being substantial Shareholders within the meaning of Part XV of the SFO.

IP Tak Chuen, Edmond, aged 53, is the Senior Vice President and Chief Investment Officer responsible for the investment activities of the Group. He joined the Cheung Kong Group in 1993 and the Group in December 1999. He is also a Deputy Managing Director of Cheung Kong Holdings, Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and a Non-executive Director of each of TOM Group Limited, CATIC International Holdings Limited, Excel Technology International Holdings Limited and Shougang Concord International Enterprises Company Limited and a Director of Critical Path, Inc. Mr. Ip previously held directorships as Non-executive Director of each of Trasy Gold Ex Limited (resigned on 28 May 2003) and Hanny Holdings Limited (retired on 1 September 2005) and as a Director of priceline.com Incorporated (resigned on 1 June 2005). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is also a Director of each of (i) Triluck, a management Shareholder, and (ii) Trueway, (iii) Tangiers, (iv) Gold Rainbow, (v) Gotak Limited and (vi) Cheung Kong Holdings, all being substantial Shareholders within the meaning of Part XV of the SFO.

YU Ying Choi, Alan Abel, aged 50, is the Vice President and Chief Operating Officer of the Group responsible for the commercial activities of the Group, including manufacturing and marketing of all product applications. Mr. Yu holds a Bachelor of Arts degree and a Master's degree in Business Administration. Mr. Yu has held a number of positions in multinational corporations, including Standard Chartered Bank, Dairy Farm and American Express, in Hong Kong and overseas. Prior to joining the Group in January 2000, he was a Worldwide Vice President with Johnson & Johnson.

PANG Shiu Fun, aged 61, is the Vice President and Chief Technology Officer of the Group responsible for the overall strategic direction regarding technology and product development. Dr. Pang 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 joined the Cheung Kong Group in March 2000 and the Group in April 2000. Prior to joining the Group, he was Head of the Department of Physiology, Faculty of Medicine, The University of 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.

CHU Kee Hung, aged 61, is the Vice President, Technology and Product Development, of the Group responsible for the technology and product development activities of the Group. Dr. Chu 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 began working for the Group in January 2001. Prior to joining the Group, he has held a variety of senior positions in major corporations such as General Electric and the Cheung Kong Group, and has over 20 years' experience in project management, design, construction, operations and management of power plants in the United States, Mainland China and Hong Kong.

Non-executive Directors:

TULLOCH, Peter Peace, aged 62, serves as the Chairman and Non-executive Director of each of Paton Fertilizers Pty Limited, a wholly owned subsidiary of the Company, Powercor Australia Limited, CitiPower Pty, ETSA Utilities and CrossCity Motorway Pty Limited, and a Non-executive Director of Lane Cove Tunnel Company Pty Limited and CIBC Australia Holdings Limited. He is also a Director of each of (i) TUT as trustee of the LKS Unity Trust and (ii) TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust, both being substantial Shareholders within the meaning of Part XV of the SFO. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia. He was appointed a Non-executive Director of the Group in April 2002.

WONG Yue-chim, Richard, SBS, JP, aged 53, currently serves as Deputy Vice-Chancellor of The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both The Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong is also an Independent Non-executive Director of each of Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Pacific Century Insurance Holdings Limited, Pacific Century Premium Developments Limited, Orient Overseas (International) Limited and Sun Hung Kai Properties Limited. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He was appointed an Independent Non-executive Director of the Group in June 2002 and is the Chairman of the Audit Committee of the Company.

KWOK Eva Lee, aged 64, currently serves as the Chair and Chief Executive Officer of Amara International Investment Corporation. Mrs. Kwok also acts as an Independent Director for Husky Energy Inc., Bank of Montreal and Shoppers Drug Mart Corporation. She is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Li Ka Shing (Canada) Foundation. Mrs. Kwok currently sits on the Audit Committee and Conduct Review Committee of the Bank of Montreal, the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., the Nominating and Governance Committee of Shoppers Drug Mart Corporation, and the Audit Committee of Cheung Kong Infrastructure Holdings Limited. She is also a member of the Conference Board of

Canada's Advisory Board for the National Awards in Governance. Mrs. Kwok was previously an Independent Director of Air Canada (resigned on 3 October 2003) and Telesystems International Wireless (TIW) Inc. (resigned on 2 December 2003). In addition, she previously sat on the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc. (from 2002 through 2003), the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd. (from 1995 through 1999), the Audit and Corporate Governance Committees of Clarica Life Insurance Company (from 1993 through 1999) and the Corporate Governance Committee of Air Canada (from 1998 through 2003). Mrs. Kwok was appointed an Independent Non-executive Director of the Group in June 2002 and is a member of the Audit Committee and the Remuneration Committee of the Company.

RUSSEL, Colin Stevens, aged 65, 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 1998). 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. He was appointed an Independent Non-executive Director of the Group in January 2005 and is a member of the Audit Committee and the Remuneration Committee of the Company.

Senior Management:

CHEUNG Ling Yuk, Larry, aged 51, Chief Scientist of CK Biotech Laboratory Limited, is responsible for leading a team of scientists in the research and development of new applications for the Group. He has over 20 years of scientific research experience in the field of biotechnology. Mr. Cheung has experience in many scientific fields including immunology, oncology, AIDS research, agriculture, animal husbandry, ecology and microbiology. Before joining the Cheung Kong Group in December 1999, he operated a research laboratory and a number of associated commercial entities in Mainland China. He joined the Group in May 2002. He has authored many publications, journal articles and abstracts in the area of biotechnology, such as bioremediation and fertilizers.

CHAN Peter Wing Kwong, aged 57, is a Nutraceuticals Franchise Director of the Group. Dr. Chan holds a Doctor of Pharmacy degree from the University of Southern California School of Pharmacy. He is also an Adjunct Assistant Professor, School of Pharmacy, of The Chinese University of Hong Kong. Dr. Chan has over 25 years of experience in sales, marketing and general management in multinational corporations in the United States, with extensive exposure to a variety of pharmaceutical and nutraceutical products. Dr. Chan has held a number of senior management positions in NeXstar Pharmaceuticals, Inc., Iolab Corporation (a Johnson & Johnson company) and Alcon Laboratories, Inc. Prior to joining the Group in January 2003, he was Managing Director, Pacific Rim Region for Leiner Health Products, Inc., in California.

CHEN Yuguang, aged 47, is the Technical Services Director of the Group. He holds a Doctor of Philosophy degree in Plant Physiology from The Iowa State University. He has 15 years' experience in technology and product development of the agribusiness, seed technology research and basic plant biochemistry and physiology research in the United States. He has held a number of management positions at Syngenta and Novartis in North America. Prior to joining the Group in April 2002, he was the Manager, Seed Treatment Technology Platform, with Syngenta AG (NAFTA Region), where he contributed to the discovery of a new seed and agrochemicals technology.

LAM Hak Loong, Daniel, aged 52, is a Business Development Director of the Group. He holds a Doctor of Business Administration from the University of South Australia. He has over 25 years' experience in sales, marketing and general management in major multinational and local organizations and with extensive management exposure to marketing and development of various products including food, beverage and innovation technology. Dr. Lam has held a number of senior positions in H.J. Heinz, Hop Hing Holdings Ltd., Kentucky Fried Chicken and Coca-Cola. Prior to joining the Group in March 2002, he was the General Manager, Marketing & Promotions, with Hong Kong Science & Technology Parks Corporation responsible for marketing the Hong Kong Science Park to innovation technology corporations.

TAM Pan, Mary, aged 39, is the Controller, Laboratory Operations, of the Group. She graduated from China Technology and Operation Management University in Mainland China with 13 years' experience in laboratory research and management in both Mainland China and Hong Kong. Prior to joining the Group in April 2001, she was with Beijing TLB Institute in the capacity of Deputy Head (Administration).

YEUNG, Eirene, aged 45, the Company Secretary, has been with the Cheung Kong Group since August 1994 and she joined the Group in January 2002. She is also Director, Corporate Strategy Unit and Company Secretary of Cheung Kong Holdings and the Company Secretary of Cheung Kong Infrastructure Holdings Limited. Ms. Yeung is a solicitor of the High Court of the Hong Kong Special Administrative Region ("HKSAR") and of the Supreme Court of Judicature in England and Wales. She holds a Bachelor's degree in Laws, a Master's degree in Business Administration and a Master of Science degree in Finance. Ms. Yeung is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, and a Part-time Member of the Central Policy Unit of the HKSAR Government (for 2005 and 2006).

TONG BARNES Wai Che, Wendy, aged 45, is the Chief Corporate Affairs Officer responsible for the overall corporate activities of the Group including public relations and communications management. She is also the Chief Corporate Affairs Officer of Cheung Kong Holdings and Cheung Kong Infrastructure Holdings Limited. She holds a Bachelor's degree in Business Administration from The University of Hawaii and has had experience in a number of industries, including hotel, property, telecommunications, media, infrastructure, retail and energy and held a number of senior positions with major corporations including Wharf Holdings Limited, Hong Kong Cable Communications Ltd. and Mass Transit Railway Corporation. Prior to joining the Cheung Kong Group, she was the Managing Director of Bozell Tong Barnes PR. Ms. Tong Barnes joined the Group in January 2002.

LIN Jian-er, aged 50, is the Director, Microbe Production and Process Development of the Group. He holds a Doctor of Philosophy degree in Chemical Engineering from the University of Michigan with over 10 years' experience in research and development on biochemical/chemical processes and products. Dr. Lin has extensive experience in biotechnology and process optimization, scale-up and validation for agricultural, environmental, industrial and household products. He has held a number of senior positions in leading corporations in the United States including Celgene Corporation, Technical Resources Inc., and Novozymes Biologicals (formerly known as Sybron Biochemicals). Prior to joining the Group in December 2003, he was Director, Process Development & Product Scale-Up with AgraQuest Inc., U.S.

ZHANG Shifu, aged 54, is the Controller, Medical Research of the Group. She holds a Master's degree in Cell Biology from the Peking Union Medical College. Ms. Zhang has extensive experience in laboratory research in both Mainland China and Hong Kong. Prior to joining the Group in November 2003, she was with Institute of Basic Medical Sciences, The Chinese Academy of Medical Sciences, The Peking Union Medical College for over 20 years. Ms. Zhang is a very skilled research scientist with demonstrated practical experience in cellular biology and oncology and she has participated in research in Duke University Medical Center and North Carolina State University, U.S., and The Croucher Foundation, Hong Kong. She is also the author of over 40 publications, journal articles and abstracts in the area of cancer and molecular biology.

MO Yiu Leung, Jerry, aged 46, is the Vice President, Finance, of the Group responsible for all finance and administration functions of the Group. Mr. Mo holds a Bachelor's degree in Accounting and Data Processing from Leeds University in the United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants. He has over 20 years' experience in financial management, accounting and auditing in the manufacturing sector. He has held a variety of senior management positions in major corporations including Peak International, Pacific Dunlop (Australia) and Price Waterhouse (now known as PricewaterhouseCoopers) (United Kingdom & Hong Kong). Prior to joining the Group in October 2005, Mr. Mo was a Director and Chief Financial Officer of Fong's Industries Company Limited (resigned in July 2005).

AU YEUNG Fai, aged 40, is the Vice President, Business Development, of the Group responsible for the mergers and acquisitions activities of the Group. He holds a Master's degree in Mathematics from St. Catharine's College, the University of Cambridge. Prior to joining the Group in April 2005, he was Vice President, and latterly Managing Director, Investment Banking, of JP Morgan for more than 10 years where he headed the coverage of clients in the power, energy and infrastructure sectors, providing services on M&A advisory, financing, private equity placement, and privatization of public assets. Before his appointment at JP Morgan, he was with Barclays Bank Plc/BZW (now known as Barclays Capital) in London and held a number of positions in various divisions, including consumer banking, strategic planning, global structured finance and merchant banking.

HON King Sang, Dennis, aged 51, is the Legal Counsel of the Group and has been with the Group since June 2002. He holds a Master of Laws degree from The University of London and a Master of Science degree in Electronic Commerce and Internet Computing from The University of Hong Kong. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales. He has over 20 years of legal and acquisition experience and has held a number of senior positions with a variety of corporations including Jardine Matheson, and CEF Holdings Ltd.

KAN Ying Che, Ruth, aged 49, is the General Manager of Vital Care Hong Kong Limited. She holds a Master's degree in Business Administration from the University of Hull, U.K., and a Bachelor's degree in French and German from the University of Manchester, U.K. She has over 20 years' experience in strategic marketing, brand building, retail market research, and event management. She has held a number of senior management positions in major corporations including the Vocational Training Council, NBC Asia, TVB International and Survey Research Group (now known as AC Nielson). Prior to joining the Group in October 2005, she was Vice President, Marketing of Galaxy Satellite Broadcasting Ltd. (a joint venture of TVB and Intelsat) from 2003 to 2004.

LOK Ngar Tat, aged 39, is the Business Development Director of the Group. He holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong, and has over 17 years' experience. He has held marketing and sales positions of increasing responsibility in blue chip fast moving consumer goods companies, including Proctor & Gamble, A.S. Watson & Co. Ltd., Unilever Hong Kong, Mars China and British American Tobacco China. Prior to joining the Group in March 2006, he was Marketing Director, North East Asia, of Jebsen & Co Ltd. assigned to the Red Bull brand, a health and energy product from Austria.

MAK Kam Wing, Kevin, aged 57, is the Technology Development Director of the Group. He holds a Doctor of Philosophy degree in Pharmacology from Monash University, Australia and a Master's degree in Business Administration from the University of Warwick, U.K. He has over 20 years' experience in general management and project management and has held a variety of senior management positions in corporations including Weihai Lotus Pharma Co. Ltd., China Grand Enterprises Co. Ltd., Pharma Pacific Management Ltd. and Xian-Janssen Pharmaceutical Co. Ltd. Prior

to joining the Group in September 2005, he was a Director (resigned in March 2005) and Executive Vice President of Chongqing Holley Holdings Ltd. overseeing the company's general and departmental performance.

MAN Hon Wan, aged 53, is the Sales Director of Vital Care Hong Kong Limited and has been with the Cheung Kong Group since September 2000. He holds a Master's degree of Business Administration from Hong Kong Baptist University and has over 20 years' experience in marketing and sales. He has worked in major corporations including G2000 (Apparel) Ltd., American Express International, Inc., and J. Walter Thompson Co. Ltd. Prior to joining the Group in January 2005, he was Senior Project Manager of Cheung Kong Infrastructure Holdings Ltd.

XIE Weidong, aged 51, is the Director, Microbe Quality Control & Method Development, of the Group. He holds a Doctor of Philosophy degree in Biology from Imperial College, the University of London. He has over 20 years' experience in research and development and is specialized in molecular biology and protein chemistry. He performed his post-doctoral fellowship in Microbiology at the University of Guelph, Canada. He also served at the Biotech Center at Zhongshan University, China, and Novopharm (now known as Viventia Biotech Ltd.) in Canada. Prior to joining the Group in September 2005, he was Director, Tetramer Facility of St. Jude Children's Research Hospital, Tennessee, U.S.

9. CORPORATE INFORMATION

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
Authorized representatives	Mr. Ip Tak Chuen, Edmond Ms. Eirene Yeung
Company secretary	Ms. Eirene Yeung
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Rooms 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Hong Kong

Auditors	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 26th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Financial Advisers to the Company on the Rights Issue	Citigroup Global Markets Asia Limited 50/F., Citibank Tower Citibank Plaza 3 Garden Road Central, Hong Kong
Legal Advisers to the Company on the Rights Issue	<i>On Hong Kong Law</i> Woo, Kwan, Lee & Lo 27th Floor, Jardine House 1 Connaught Place Central, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong JP Morgan Chase Bank, N.A. 500 Stanton Christiana Road 1/OPS3 Newark DE 19713-2107 Canadian Imperial Bank of Commerce 16 Collyer Quay #04-02 Singapore 049318 Commonwealth Bank of Australia Level 15, 52 Martin Place Sydney New South Wales Australia

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions contained in this prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any interest in any shares in 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.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any direct or indirect interest in any assets which have been since 31 December 2005, the date to which the latest published audited accounts 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.

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this prospectus with inclusion of its report dated 13 April 2006 and the references to its name included herein in the form and context in which they respectively appear.

11. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

12. MATERIAL CONTRACTS

Within the two years preceding the date of this prospectus, there were no contracts (not being contracts entered into in the ordinary course of business) entered into by members of the Group which are or may be material.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to under the heading "Expert and Consent" in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance.

14. LEGAL EFFECT

This prospectus, the Provisional Allotment Letter and the Excess Application Form, and all acceptances of any offer or application contained in or made on such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by all of the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies Ordinance so far as applicable.

15. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount to not more than HK\$15 million and are payable by the Company.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office 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 27 April 2006:

- (i) memorandum and articles of association of the Company;
- (ii) the audited financial statements of the Group for each of the two financial years ended 31 December 2004 and 2005;
- (iii) the report by Deloitte Touche Tohmatsu on the unaudited pro forma statement of consolidated net tangible assets of the Group, the text of which is set out in Appendix I to this prospectus; and
- (iv) the written consent of Deloitte Touche Tohmatsu referred to in the paragraph headed "EXPERT AND CONSENT" in this Appendix.

17. GENERAL

- (a) The company secretary of the Company is Ms. Eirene Yeung who is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales. She also holds a Master's degree in Business Administration and a Master of Science degree in Finance.
- (b) Mr. Mo Yiu Leung, Jerry is the qualified accountant of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.
- (c) Mr. Yu Ying Choi, Alan Abel is the compliance officer of the Company.

- (d) The Company established an audit committee (“Audit Committee”) on 26 June 2002 and has formulated its written terms of reference in accordance with the provisions set out in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditors of the Company. The existing Audit Committee of the Company comprises three Independent Non-executive Directors, namely, Professor Wong Yue-chim, Richard (Chairman of the Audit Committee), Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel, further details of whom are set out in the paragraph headed “PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT” of this Appendix.
- (e) 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 Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
 - (iii) any Shareholder or Shareholders present in person (or in the case of a Shareholder 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 Shareholders having the right to attend and vote at the meeting; or
 - (iv) any Shareholder or Shareholders present in person (or in the case of a Shareholder 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.

- (f) The registered office of the Company is situated at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands.
- (g) 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.
- (h) 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.
- (i) The English text of this prospectus shall prevail over the Chinese text, in case of any inconsistency.