



CK Life Sciences Int'l. (Holdings) Inc.

(incorporated in the Cayman Islands with limited liability)



Restoring Freshness to **Nature**
Bringing Quality to **Life**

Third Quarter Report
2004

This third quarter report 2004 (in both English and Chinese versions) (“Q3 Report”) has been posted on the Company’s website at <http://www.ck-lifesciences.com>. Shareholders who have chosen to rely on copies of the Company’s Corporate Communication (including but not limited to Annual Report, summary financial report (where applicable), Half-year Report, Summary Half-year Report (where applicable), Quarter Report, notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Q3 Report.

Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Q3 Report posted on the Company’s website will promptly upon request be sent the Q3 Report in printed form free of charge.

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

Shareholders who have chosen to receive printed copy of the Corporate Communication in either English or Chinese version will receive both English and Chinese versions of this Q3 Report since both languages are bound together into one booklet.

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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

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

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.

This document, for which the directors (the “Directors”) of CK Life Sciences Int’l., (Holdings) Inc. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this document is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Chairman's Statement

Unrelenting Drive For Continuous Growth

CK Life Sciences Int'l., (Holdings) Inc. and its subsidiaries ("CK Life Sciences" or the "Group") have achieved good progress in the third quarter of 2004, with satisfactory growth in various aspects of operation and R&D, reflecting the sustained momentum of the Group's development.

Financial Highlights – Year To Date Sales Revenue Surges 4 Times; Profit Up 6 Times

HK\$'000	The Third Quarter			First Three Quarters Ended 30 September		
	2004	2003	Increase (%)	2004	2003	Increase (%)
Sales revenue	54,806	7,602	621	102,369	19,623	422
Investment proceeds	54,604	43,860	24	154,784	145,842	6
Total revenue	109,410	51,462	113	257,153	165,465	55
Operating profit	2,319	212	994	3,946	572	590
Profit attributable to shareholders	456	253	80	1,294	731	77

I am pleased to report that the financial performance of the third quarter was encouraging. For the third quarter ended 30 September 2004, the Group recorded an unaudited total revenue of HK\$109,410,000, doubling that of the same period last year. Operating profit surged to HK\$2,319,000, representing an increase of approximately 10 times over the same period last year; and profit attributable to shareholders reached HK\$456,000, about 80% increase over the corresponding period last year.

Chairman's Statement (Cont'd)

During the first three quarters of 2004, solid improvement was recorded in every quarter over the same period last year. For the nine months ended 30 September 2004, the Group's total revenue was HK\$257,153,000, a 55% increase over the same period last year. Operating profit came to HK\$3,946,000, representing an increase of 6 times over the same period last year; and profit attributable to shareholders was HK\$1,294,000, about 77% rise over the corresponding period last year.

This satisfactory performance reflects the upward momentum of the Group's financials.

The Board of Directors has not declared any dividend for the period under review.

Business Progress

(1) Sales

(i) *Fertilizer Business*

The Group's fertilizer business recorded satisfactory growth during the period under review. Mounting government concerns on the environment and the continued growth of the eco-food and organic markets have created favourable conditions for the development of the Group's fertilizer business. During the period under review, the Group's sales market for fertilizer continued to expand. Sales revenue for the third quarter surged approximately 7 times over the same period last year.

(ii) *Nutraceutical Business*

Sales revenue for nutraceuticals during the third quarter showed a 10% increase as compared with the same period last year, reflecting continuous growth in the demand for immuno-enhancing products as that of the Group's VitaGain™ products. During the third quarter, "VitaGain™ for Daily Immunity" and "VitaGain™ Nasal Allergy Relief" in capsule form were launched.

Chairman's Statement (Cont'd)

(2) Strategic Alliances

(i) *Collaboration with SEPA on Eco-fertilizer Research Study*

The efficacy of NutriSmart™ eco-fertilizer in reducing rural non-point source pollution was recognized in a large-scale collaboration project with China's State Environmental Protection Administration ("SEPA"). It was a research sponsored by the Asian Development Bank, and the findings are poised to become important references in the formulation of upcoming eco-agriculture policies.

(ii) *Organization of Sustainable Rice Production Conference*

The Group co-organized the International Conference on Sustainable Rice Production together with the China National Rice Research Institute to celebrate the International Year of Rice 2004. At the Conference, NutriSmart™'s environmental benefits and yield generating capabilities gained positive comments from over 170 agriculture officials, paddy rice researchers and environmental scientists from around the world.

(3) Cancer Research

The global research programme for the Group's cancer products is well underway. A series of pre-clinical studies have recorded satisfactory results, and clinical trials targeting different forms of cancer have commenced.

(i) *Progress on Pre-Clinical Studies*

- The Hong Kong University of Science and Technology — findings from recently completed *in vitro* and *in vivo* studies indicate that the Group's cancer products have particular inhibitory effects on the growth of prostate cancer cells; studies on breast cancer are in progress.
- The University of British Columbia, Canada — results from completed studies have demonstrated the inhibitory effects of the Group's cancer products on various pre-neoplastic and ovarian cancer cells.
- Further pre-clinical studies for different types of cancer are underway with renowned universities and institutions in Hong Kong, China and the US.

Chairman's Statement (Cont'd)

(ii) *Progress on Clinical Trials*

Clinical studies are in progress for prostate cancer, lung cancer, colorectal cancer and liver cancer in various universities and hospitals in Hong Kong and Australia.

(4) ISO Certification and Patent Application

(i) *CK Life Sciences' Laboratories Awarded ISO 9001:2000 Certification*

The Group has now been accredited with the ISO 9001:2000 certification in seven different areas pertaining to the administration of laboratories: research for eco-fertilizer, animal feed additive and bioremediation products; pre-clinical and clinical research of human-health related products; as well as product quality assurance and control.

(ii) *Two Additional Patents Granted*

During the third quarter, the Group was granted two additional patents by the US Patent and Trademark Office — one for an immuno-enhancing nutraceutical product and the other for an eco-fertilizer composition made up of sludge.

To date, the Group's total number of patents has been increased to 18, with another 51 patents pending.

The latest status for the Group's patent applications is as follows:

	Eco-agriculture		Bio-remediation	Nutra-ceuticals	Pharma-ceuticals	Dermato-logicals	Total
	Eco-fertilizer	Animal Feed Additive					
Patent Granted	6	-	5	7	-	-	18
Patent Pending	-	14	3	3	31	-	51
Drafting Stage	4	4	7	-	19	5	39
Total	10	18	15	10	50	5	108

Chairman's Statement (Cont'd)

Looking Forward

Increasing concern about the environment around the world is expected to result in more business opportunities for the Group's eco-fertilizer and business development. This would speed up the pace of market penetration.

In the field of human health, the market for health supplements is expected to continue to expand in the wake of heightened health awareness. The Group will launch a diversified range of new products to satisfy the needs of different consumers shortly.

The macro environment poses a favourable landscape for the Group and the demand for environmental and health-related products is set to increase. In the past few quarters, the Group has recorded good financial performance, with substantial investment proceeds and growing sales revenue. Such strong financial resources provide abundant funding for the Group's research projects and initiatives, and have helped to ensure a rapid pace of research progress. Currently, some of these research initiatives have reached a mature stage. Meanwhile, negotiations are in progress with several potential acquisition targets, and it is anticipated that further corporate expansion will be realized in the near future.

To conclude, the Group will embark on a three-pronged development plan that encompasses short-term, mid-term and long-term growth strategies. Under such a tremendous driving force, sustained growth momentum is expected.

Acknowledgements

I am appreciative of the unrelenting efforts shown by our staff in driving the Group forward, accelerating the growth of our business, and expanding the scope of our R&D. I would like to express my gratitude to our staff, business and research partners, as well as reiterate our commitment to steady growth as we aspire to new heights in the Group's development.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 4 November 2004

Unaudited Consolidated Results

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		(unaudited) 2004	(unaudited) 2003	(unaudited) 2004	(unaudited) 2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	109,410	51,462	257,153	165,465
Cost of inventories sold		(44,304)	(5,484)	(82,987)	(13,213)
Other income		635	-	4,922	211
Staff costs	3	(31,832)	(23,638)	(82,230)	(71,944)
Depreciation		(6,332)	(5,047)	(18,317)	(14,985)
Amortization of intangible assets		(1,026)	(777)	(3,105)	(2,166)
Operating expenses		(24,232)	(16,304)	(71,490)	(62,796)
Profit from operations		2,319	212	3,946	572
Finance costs		(1,477)	-	(2,636)	-
Share of results of associates		11	8	59	46
Profit before taxation		853	220	1,369	618
Taxation	4	(249)	-	(249)	-
Profit after taxation		604	220	1,120	618
Minority interests		(148)	33	174	113
Profit attributable to shareholders		456	253	1,294	731
Earnings per share	5				
- basic (Hong Kong cents)		0.0071	0.0039	0.0200	0.0114
- diluted (Hong Kong cents)		N/A	0.0039	0.0200	0.0114

Unaudited Consolidated Results (Cont'd)

NOTES:

1. Basis of preparation and principal accounting policies

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules. They have also been prepared under the historical cost convention, as modified for the revaluation of certain fixed assets and investment in securities.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 December 2003.

2. Turnover

Turnover represents net invoiced value of goods sold, after allowance for returns and trade discount as well as income from investment in securities.

To better reflect the Group's activities, the Group has re-grouped its operations into 3 business segments: Environment, Health and Investment. The products of the Group have been consolidated into Environment and Health while income from investment in securities has been included as the Group's turnover. Comparative information has been re-stated to conform with the current year presentation.

3. Staff costs

Staff costs which include salaries, bonuses, retirement benefit scheme contribution and recruitment costs for the three months and nine months ended 30 September 2004 respectively amounted to HK\$37,674,000 (2003: HK\$27,928,000) and HK\$99,290,000 (2003: HK\$85,240,000) of which HK\$5,842,000 (2003: HK\$4,290,000) and HK\$17,060,000 (2003: HK\$13,296,000) relating to development activities were capitalized.

Unaudited Consolidated Results (Cont'd)

4. Taxation

Current period taxation represents overseas taxation which is the aggregate of income tax provided for at the applicable local rates on the estimated assessable profits and withholding taxes payable by an overseas subsidiary (2003: Nil).

No provision for Hong Kong profits tax has been made as there was no assessable profit for the three months and the nine months respectively ended 30 September 2004 as well as the corresponding periods of last year.

No deferred tax assets has been recognized in respect of the tax losses as it is not possible to predict the trend of future profits to determine the amount of available tax losses to be utilized.

5. Earnings per share

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Profit for the period				
Profit for calculating basic and diluted earnings per share	456	253	1,294	731
Number of shares				
Weighted average number of ordinary shares used in the calculation of basic earnings per share	6,407,381,600	6,407,000,000	6,407,294,945	6,407,000,000
Effect of dilutive potential ordinary shares	N/A	623,037	731,057	972,230
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	N/A	6,407,623,037	6,408,026,002	6,407,972,230

No diluted earnings per share is presented for the three months ended 30 September 2004 as there were no dilutive potential ordinary shares outstanding during the period.

Unaudited Consolidated Results (Cont'd)

6. Dividend

The Board of Directors of the Company has not declared an interim dividend for the nine months ended 30 September 2004 (2003: Nil).

7. Movements of reserves

	Investment				Total 2004 HK\$'000	Total 2003 HK\$'000
	Share premium	revaluation reserve	Exchange reserve	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January	2,391,707	63,948	350	(283,392)	2,172,613	2,153,384
Shares issued on exercise of share options	478	-	-	-	478	-
Realized on disposal/ redemption of investments in securities	-	(70,711)	-	-	(70,711)	(11,579)
Surplus on revaluation of investments in securities	-	39,609	-	-	39,609	49,233
Exchange difference on translation of financial statements of overseas operations	-	-	(1,153)	-	(1,153)	233
Profit for the nine months ended 30 September	-	-	-	1,294	1,294	731
At 30 September	2,392,185	32,846	(803)	(282,098)	2,142,130	2,192,002

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2004, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code on Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares of the Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	-	-	2,820,008,571 (Note 1)	2,821,508,571	44.04%
Kam Hing Lam	Interest of child or spouse	-	4,150,000	-	-	4,150,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Pang Shiu Fun	Beneficial owner & interest of child or spouse	1,500,700 (Note 2)	700 (Note 2)	-	-	1,500,700	0.02%
Chu Kee Hung	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Lam Hing Chau, Leon	Beneficial owner	1,250,000	-	-	-	1,250,000	0.02%
Kwan Chiu Yin, Robert	Interest of a controlled corporation	-	-	500,000 (Note 3)	-	500,000	0.01%
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%

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Notes:

1. Such 2,820,008,571 shares are held by a subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong Holdings"). Li Ka-Shing Unity Trustee Company Limited ("TUT") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong Holdings. Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Mr. Li Tzar Kuoi, Victor, as a discretionary beneficiary of such discretionary trusts and a Director of the Company, is taken to be interested in those shares of Cheung Kong Holdings and thus is taken to be interested in those 2,820,008,571 shares held by the subsidiary of Cheung Kong Holdings under the SFO.
2. Such interests comprise the same block of 700 shares jointly held by Dr. Pang Shiu Fun and his wife.
3. Such shares are held by a company wholly-owned by Mr. Kwan Chiu Yin, Robert.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

(2) Long positions in the underlying shares of the Company

Pursuant to the share option scheme adopted by the Company on 26 June 2002 (the "Share Option Scheme"), certain Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for shares of the Company, details of which as at 30 September 2004 were as follows:

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

Save as disclosed above, during the nine months ended 30 September 2004, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 30 September 2004, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Details of Options Granted by the Company

The Company has adopted the Share Option Scheme under which the Directors or employees of the Company or its subsidiaries or certain other persons may be granted share options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Share Option Scheme.

As at 30 September 2004, options to subscribe for an aggregate of 21,637,100 shares of the Company granted to certain continuous contract employees (including the Executive Directors of the Company as disclosed above and the management shareholder as disclosed below) pursuant to the Share Option Scheme were outstanding, details of which were as follows:

Date of grant	Number of share options					Outstanding as at 30 September 2004	Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2004	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
30/9/2002	3,952,000	-	34,500	190,700	-	3,726,800	30/9/2003 - 29/9/2012 (Note 1)	1.598
27/1/2003	9,146,000	-	317,100	502,600	-	8,326,300	27/1/2004 - 26/1/2013 (Note 2)	1.446
19/1/2004	-	10,160,000	-	576,000	-	9,584,000	19/1/2005 - 18/1/2014 (Note 3)	1.762

Details of Options Granted by the Company (Cont'd)

Details of the share options granted to Mr. Cheung Ling Yuk, Larry, a management shareholder of the Company, pursuant to the Share Option Scheme as at 30 September 2004 were as follows:

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

Notes:

1. The options are exercisable from 30 September 2003 to 29 September 2012 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 30 September 2003;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 30 September 2004; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 30 September 2005.
2. The options are exercisable from 27 January 2004 to 26 January 2013 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 27 January 2004;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 27 January 2005; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 27 January 2006.

Details of Options Granted by the Company (Cont'd)

3. The options are exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting period:
 - (i) up to 35% of the options commencing on 19 January 2005;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 19 January 2006; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 19 January 2007.

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 30 September 2004, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(1) Long positions of substantial shareholders in the shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Gold Rainbow Int'l Limited	Beneficial owner	2,820,008,571	44.01%
Gotak Limited	Interest of a controlled corporation	2,820,008,571 (Note i)	44.01%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	2,820,008,571 (Note ii)	44.01%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	2,820,008,571 (Note iii)	44.01%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	2,820,008,571 (Note iii)	44.01%
Trueway International Limited	Beneficial owner	1,410,004,286	22.01%
Tangiers Enterprises Limited	Interest of controlled corporations	1,880,005,715 (Note iv)	29.34%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	4,700,014,286 (Note v)	73.35%

Interests and Short Positions of Shareholders (Cont'd)

(2) Long positions of other persons in the shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Triluck Assets Limited	Beneficial owner	470,001,429	7.34%
Cheung Ling Yuk, Larry	Beneficial owner	401,585,714	6.27%
		(Note vi)	

Notes:

- i. This represents the same block of shares in the Company as shown against the name of Gold Rainbow Int'l Limited ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of shares in which Gold Rainbow was interested under the SFO.
- ii. As Gotak Limited is wholly-owned by Cheung Kong Holdings, Cheung Kong Holdings is deemed to be interested in the same number of shares which Gotak Limited is deemed to be interested under the SFO.
- iii. TUT as trustee of the LKS Unity Trust and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong Holdings. TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. Under the SFO, each of TUT as trustee of the LKS Unity Trust, TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust is deemed to be interested in the same block of shares as Cheung Kong Holdings is deemed to be interested as disclosed in Note ii above.
- iv. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by Tangiers Enterprises Limited ("Tangiers") and Tangiers is deemed to be interested in a total of 1,880,005,715 shares under the SFO, being the aggregate of the shares in which Trueway and Triluck were interested as shown against the names Trueway and Triluck above.
- v. This represents the aggregate of the blocks of shares in the Company in which Tangiers and Cheung Kong Holdings are respectively deemed to be interested under the SFO. As Mr. Li Ka-shing owns the entire issued share capital of Tangiers and one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn holds the entire issued share capital of TUT, TDT1 and TDT2, under the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of shares in which both Tangiers and Cheung Kong Holdings are deemed to be interested as mentioned above.
- vi. The interests of Mr. Cheung Ling Yuk, Larry in the share options granted by the Company are separately disclosed under the section headed "Details of Options Granted by the Company".

Save as disclosed above, as at 30 September 2004, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Competing Interests

During the nine months ended 30 September 2004, the interests of Directors, management shareholders of the Company or their respective associates as defined in the GEM Listing Rules (the “Associates”) in the businesses which compete or may compete, either directly or indirectly, with the businesses of the Group were as follows:

Name of Director	Name of Company	Nature of Interest
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman (Note)
	Hutchison Whampoa Limited	Deputy Chairman (Note)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director (Note)
	Hutchison Whampoa Limited	Executive Director (Note)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Executive Director
Pang Shiu Fun	Cheung Kong (Holdings) Limited	Shareholder
	Hutchison Whampoa Limited	Shareholder
Kwan Chiu Yin, Robert	Cheung Kong (Holdings) Limited	Independent Non-executive Director
	Pak Fah Yeow International Limited	Independent Non-executive Director

Name of

Management Shareholder	Name of Company	Nature of Interest
Li Ka-shing	Cheung Kong (Holdings) Limited	Chairman (Note)
	Hutchison Whampoa Limited	Chairman (Note)

Note: Apart from holding of the directorship in each of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited, 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 Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited.

Both Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited engage in a wide range of businesses and investments which include, inter alia, health care, dietary supplement businesses and/or research, development, manufacture, marketing and/or sale of pharmaceutical and nutraceutical products through their subsidiaries, associated companies or by way of other forms of investments.

Competing Interests (Cont'd)

Businesses of Pak Fah Yeow International Limited include, inter alia, manufacture and sale of Hoe Hin Brand of products and distribution of health care products through its subsidiaries.

On 6 October 2004, Mrs. Kwok Eva Lee was appointed an Independent Director of Shoppers Drug Mart Corporation which is a leading player in Canada's retail drug store marketplace and is a provider of pharmacy products and services.

The disclosure herein above is made on the basis that such businesses compete or may compete, either directly or indirectly, with those of the Group under Rule 11.04 of the GEM Listing Rules.

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

Other Information

Sponsor's Interests

Pursuant to a sponsor's agreement dated 3 July 2002 between the Company and Citigroup Global Markets Asia Limited ("Citigroup"), Citigroup has been appointed as a sponsor to the Company as required under the GEM Listing Rules at a fee from 16 July 2002 to 31 December 2004.

As notified to the Company by Citigroup, as at 30 September 2004, neither Citigroup, its directors, employees nor their associates had any interests in any securities of the Company or any of its associated corporations.

Purchase, Sale or Redemption of the Company's Listed Securities

During the nine months ended 30 September 2004, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company established an audit committee ("Audit Committee") on 26 June 2002 with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. Mr. Kwan Chiu Yin, Robert was re-designated as an Independent Non-executive Director of the Company effective 23 September 2004 and he became a member of the Audit Committee effective the same date. The Audit Committee now comprises three Independent Non-executive Directors of the Company, namely Professor Wong Yue-chim, Richard who is the Chairman of the Audit Committee, Mrs. Kwok Eva Lee and Mr. Kwan Chiu Yin, Robert.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Company.

The Audit Committee has already reviewed the Group's unaudited results for the nine months ended 30 September 2004.

Corporate Information

Board of Directors

Executive Directors

LI Tzar Kuoi, Victor

Chairman

KAM Hing Lam

President and Chief Executive Officer

IP Tak Chuen, Edmond

Senior Vice President and

Chief Investment Officer

YU Ying Choi, Alan Abel

Vice President and Chief Operating Officer

PANG Shiu Fun

Vice President and Chief Technology Officer

CHU Kee Hung

Vice President and Chief Production Officer

LAM Hing Chau, Leon

Vice President and Chief Financial Officer

Non-executive Directors

KWAN Chiu Yin, Robert

Independent Non-executive Director

Peter Peace TULLOCH

Non-executive Director

WONG Yue-chim, Richard

Independent Non-executive Director

KWOK Eva Lee

Independent Non-executive Director

Company Secretary

Eirene YEUNG

Qualified Accountant

LAM Hing Chau, Leon

Compliance Officer

LAM Hing Chau, Leon

Audit Committee

WONG Yue-chim, Richard

Chairman

KWOK Eva Lee

KWAN Chiu Yin, Robert

Authorized Representatives

IP Tak Chuen, Edmond

Eirene YEUNG

Sponsor

Citigroup Global Markets Asia Limited

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

JP Morgan International Bank

Canadian Imperial Bank of Commerce

Solicitors

Woo, Kwan, Lee & Lo

Corporate Information (Cont'd)

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

Principal Share Registrar and Transfer Office

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street, P.O. Box 705
George Town
Grand Cayman
Cayman Islands

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

Internet Address

<http://www.ck-lifesciences.com>