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

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

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

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8222)

CONTINUING CONNECTED TRANSACTIONS

Independent financial adviser to the Independent Board Committee and the Shareholders



道亨證券有限公司

DaoHengSecurities Ltd.

Dao Heng Securities Limited

A letter from the Independent Board Committee is set out on page 10 of this circular.

A letter from Dao Heng Securities Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 11 to 16 of this circular.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the website of CK Life Sciences Int'l., (Holdings) Inc. at www.ck-lifesciences.com.

11 October 2004

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET

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

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

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

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 September 2004 in relation to the Continuing Connected Transactions
“Associate(s)”	all those persons and companies as specified under Rule 1.01 of the GEM Listing Rules
“Board”	the board of Directors
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. Cheung Kong (Holdings) Limited is an indirect substantial shareholder of the Company
“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
“Continuing Connected Transactions”	the continuing connected transactions between the Group and the Red Sun Group relating to sales of fertilizers by members of the Group to members of the Red Sun Group as contemplated under the Framework Agreement
“Dao Heng Securities”	Dao Heng Securities Limited, the independent financial adviser to the Independent Board Committee and the Shareholders
“Director(s)”	the director(s) of the Company
“Framework Agreement”	a framework agreement dated 20 September 2004 between the Company and Red Sun regarding sale of fertilizers
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gold Rainbow”	Gold Rainbow Int’l Limited, an investment holding company incorporated in the British Virgin Islands
“Group”	the Company and its subsidiaries from time to time
“HIL”	Hutchison International Limited, a wholly-owned subsidiary of HWL
“HK\$”	the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Independent Board Committee”	an independent committee of the Board consisting of Mr. Kwan Chiu Yin, Robert, Professor Wong Yue-chim, Richard and Mrs. Kwok Eva Lee, the Independent Non-executive Directors
“Intermediate holding company 1”	江蘇振邦農作物科技有限公司 (Jiangsu Prosperous Union Crop Sciences Limited), a company incorporated in PRC
“Intermediate holding company 2”	南京振邦投資發展有限公司 (Nanjing Prosperous Union Crop Sciences Limited), a company incorporated in PRC
“JSL”	江蘇蘇農農資連鎖有限責任公司 (Jiangsu Su Nong Agricultural Means Chain Company Ltd), a company incorporated in the PRC
“KP”	江蘇科邦生態肥有限公司 (Jiangsu Technology Union Eco-fertilizer Limited), a company incorporated in PRC and a subsidiary of the Company
“Latest Practicable Date”	6 October 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LZSM”	南京紅太陽農資商貿連鎖有限公司 (Nanjing Red Sun Agricultural Means Trading Chain Company Ltd), a company incorporated in PRC
“Model Code”	Model Code on Securities Transactions by Directors adopted by the Company
“PRC”	the People’s Republic of China
“Red Sun”	南京紅太陽股份有限公司 (Nanjing Red Sun Stock Co Ltd), a company listed on the Shenzhen Stock Exchange
“Red Sun Group”	Red Sun, its subsidiary companies and its Associates
“RMB”	the lawful currency of PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)” or “Member(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tangiers”	Tangiers Enterprises Limited, a company incorporated in the British Virgin Islands
“Triluck”	Triluck Assets Limited, a company incorporated in the British Virgin Islands
“Trueway”	Trueway International Limited, a company incorporated in the British Virgin Islands
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

LETTER FROM THE BOARD



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

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8222)

Board of Directors

Executive Directors

LI Tzar Kuoi, Victor *Chairman*

KAM Hing Lam *President and Chief Executive Officer*

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

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

PANG Shiu Fun *Vice President and Chief Technology Officer*

CHU Kee Hung *Vice President and Chief Production Officer*

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

Non-executive Directors

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

Registered Office

P.O. Box 309GT

Ugland House

South Church Street

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Cayman Islands

Head Office

2 Dai Fu Street

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Tai Po

Hong Kong

Principal Place of Business

7th Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

11 October 2004

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with further information regarding the sales of fertilizers by members of the Group to members of the Red Sun Group as contemplated under the Framework Agreement; to set out the letter from the Independent Board Committee containing its recommendation to the Shareholders concerning the Continuing Connected Transactions and to set out the letter from Dao Heng Securities containing its advice to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions.

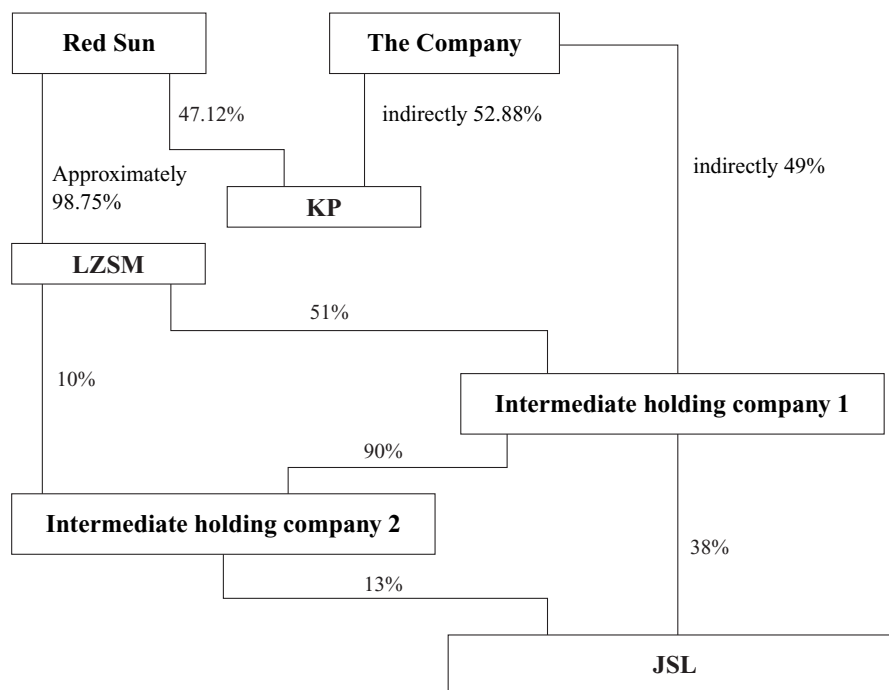
2. BACKGROUND

The Company is indirectly holding a 52.88% equity interest in KP. Red Sun is a substantial shareholder of KP by virtue of its 47.12% equity interest in KP and is therefore a connected person of the Company under the GEM Listing Rules. LZSM is a subsidiary of Red Sun and hence, LZSM is also a connected person of the Company under the GEM Listing Rules.

LETTER FROM THE BOARD

In April 2004, JSL became a subsidiary of Red Sun when Intermediate holding company 1 (which is a subsidiary of LZSM) and Intermediate holding company 2 referred to in the chart below respectively acquired 38% and 13% interest in JSL and since then, JSL also became a connected person of the Company under the GEM Listing Rules.

The following is a chart showing the relationship of each of the Company, Red Sun, KP, LZSM and JSL:



To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Red Sun Group has no shareholding interest in the Company.

KP has only started to sell fertilizers to LZSM since February 2004 and to JSL since March 2004. The aggregate value of sales to LZSM from February 2004 up to the Latest Practicable Date and to JSL from April 2004 up to the Latest Practicable Date amounted to approximately RMB56,217,000 (approximately HK\$52,844,000) which should have been subject to the disclosure requirement and independent Shareholders' approval under Rule 20.18 of the GEM Listing Rules. Prior to the establishment of KP in early 2004, the sales of fertilizers to the Red Sun Group were carried out through an Associate of the Company in which the Company only holds 40% equity interest. It was only after KP took up the role as vendor in the sales of fertilizers to the Red Sun Group in February 2004 that connected transactions implications arose and this was only revealed upon recent review of the Company's group structure. The disclosure and independent Shareholders' approval requirements as aforesaid had not been complied with and the Stock Exchange has reserved its rights to take action. This was however not intentional and resulted from inadvertent oversight because the officers handling the transactions were not familiar with the GEM Listing Rules and did not realize that a limited company with a net asset value of approximately HK\$2.8 billion would be subject to a threshold of a few million dollars for regulatory purpose and that the change in the selling vehicle would have any

LETTER FROM THE BOARD

significance for the Company. The management of the Company immediately took legal advice and remedied the matter by making the Announcement and complied with the applicable regulatory requirements. In addition, as stated under the section entitled “Reasons For Obtaining Written Certificate Of Approval From A Closely Allied Group Of Shareholders In Lieu Of Seeking Independent Shareholders’ Approval At An Extraordinary General Meeting Of The Company” below:–

- (i) both the Company and Red Sun hold substantial interests in KP and in addition, the Company also has an indirect interest in JSL. There is accordingly no question of the Company or Red Sun benefiting from the other party as a result of any sale and purchase of fertilizers between the Group and the Red Sun Group whatever the price level will be, which will be negotiated by the parties on an arm’s length basis;
- (ii) the sales of fertilizers to members of the Red Sun Group were initially made by an Associate of the Company and were therefore not connected transactions for the Company, which only became so when the selling vehicle was changed to KP; and
- (iii) the transactions between the Company and JSL were initially also not connected transactions for the Company and only became so when in April 2004, Intermediate holding company 1 and Intermediate holding company 2 referred to in the chart above acquired a total of 51% interest in JSL, with the result that JSL became a subsidiary of Red Sun and hence, a connected person of the Company.

The sales to both LZSM and JSL were entered into in the ordinary and usual course of business of the Group on normal commercial terms based on arm’s length negotiation. On 20 September 2004, the Company entered into a framework agreement with Red Sun to regulate future sales of fertilizers by members of the Group to members of the Red Sun Group. The Board anticipates that the aggregate annual value of sales of fertilizers by members of the Group to members of the Red Sun Group as governed by the Framework Agreement for subsequent years will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the disclosure requirement and independent Shareholders’ approval.

3. FRAMEWORK AGREEMENT DATED 20 SEPTEMBER 2004

Parties to the Framework Agreement:

- (i) the Company, being the seller
- (ii) Red Sun, being the buyer

Terms of the Framework Agreement

KP sold fertilizers to each of LZSM and JSL respectively by entering into individual sales contracts. The sales prices are determined based on arm’s length negotiation and with reference to the prevailing market prices. Under the Framework Agreement, the Company has agreed to sell, and/or procure members of the Group to sell, fertilizers to members of the Red Sun Group by entering into individual sales contracts. The sales price will be determined based on arm’s length negotiation and with reference to the prevailing market prices.

LETTER FROM THE BOARD

The Framework Agreement shall be deemed to have commenced on 17 January 2004 and will expire on 31 December 2006. Upon expiry of the Framework Agreement, the parties will, subject to the conditions prevailing at that time, consider renewing the Framework Agreement or entering into a new agreement, and will, if appropriate, use their best efforts to renew the Framework Agreement or enter into a new agreement with each other on terms to be mutually agreed, subject to compliance with all applicable laws and regulatory rules.

4. CAP AMOUNTS FOR THE SALES OF FERTILIZERS TO THE RED SUN GROUP

Based on the projections for the three years ending 31 December 2006, the respective proposed caps for the sales of fertilizers pursuant to the Framework Agreement are as follows:

	For the year ending 31 December 2004	For the year ending 31 December 2005	For the year ending 31 December 2006
Caps:	HK\$79,000,000	HK\$270,000,000	HK\$431,000,000

The cap amounts mentioned above are determined by reference to, among other matters, the recent sales of fertilizers to LZSM and JSL, the current sales contracts on hand and projections provided by management of KP. In determining the projections, the management of KP has taken into account the following factors which are expected to result in the projected increase of sales for the year 2005:

- (a) expected expansion in the range of fertilizers available in order to increase appeal to different market segments which will result in a substantial increase in market demand for the fertilizers through the Red Sun Group;
- (b) the management of the Group is expecting an expansion in the number of distribution outlets for the fertilizers as a result of the implementation of advertising and promotional programs, which will in turn attract more dealers and retailers to participate in selling the fertilizers;
- (c) the Group's own production lines will commence operation in early 2005 which can meet the increasing demand for the fertilizers from the Red Sun Group;
- (d) the Group's logistic arrangement will be more organized and efficient to achieve higher sales volume to the Red Sun Group to meet increasing demand for the fertilizers; and
- (e) the support and sales capacity for the Group's products by the Red Sun Group are expected to increase through increased product application training and advertising and promotional programs.

The management of KP also expects that in the year 2006, the expansion in the range of fertilizers available, the increase in product application training and advertising and promotional programs and brand awareness will continue and that production capacity in respect of the fertilizers will increase.

LETTER FROM THE BOARD

5. REASONS FOR THE TRANSACTIONS

The sales of fertilizers pursuant to the said sale contracts have been part of the normal commercial activities of the Group. The transactions are also normal business activities of the relevant members of the Red Sun Group which are distributors or retailers of agricultural products, including fertilizers. With the co-operation between the Group and the Red Sun Group, the Group could sell or distribute its fertilizer products through the extensive business operations and networks of the Red Sun Group in Mainland China.

6. REASONS FOR OBTAINING WRITTEN CERTIFICATE OF APPROVAL FROM A CLOSELY ALLIED GROUP OF SHAREHOLDERS IN LIEU OF SEEKING INDEPENDENT SHAREHOLDERS' APPROVAL AT AN EXTRAORDINARY GENERAL MEETING OF THE COMPANY

The Company has obtained a written certificate from a closely allied group of Shareholders relating to the transactions contemplated under the Framework Agreement, in lieu of seeking independent Shareholders' approval at an extraordinary general meeting which would otherwise be required under the GEM Listing Rules, for the following reasons:

- (i) as shown in the chart above, both the Company and Red Sun hold substantial interests in KP and in addition, the Company also has an indirect interest in JSL. There is accordingly no question of the Company or Red Sun benefiting from the other party as a result of any sale and purchase of fertilizers between the Group and the Red Sun Group whatever the price level will be, which will be negotiated between the parties on an arm's length basis. In so far as the transactions with JSL is concerned, not only Red Sun but also the Company will benefit from the purchase and resale of fertilizers by JSL, given the Company's interest in JSL;
- (ii) the terms of the Framework Agreement are similar to the terms of the supply agreements made between the Company and each of CKH and HIL, which were approved by the independent Shareholders at an extraordinary general meeting of the Company held on 26 September 2003;
- (iii) the sales of fertilizers to members of the Red Sun Group were initially made by an Associate of the Company and were therefore not connected transactions for the Company, which only became so when the selling vehicle was changed to KP;
- (iv) the transactions between the Company and JSL were initially also not connected transactions for the Company and only became so when in April 2004, Intermediate holding company 1 and Intermediate holding company 2 referred to in the chart above acquired a total of 51% interest in JSL, with the result that JSL became a subsidiary of Red Sun and hence, a connected person of the Company;
- (v) the sales of fertilizers are merely technical connected transactions, as Red Sun is a substantial shareholder of KP and no Shareholder is required to abstain from voting on the relevant resolution should an extraordinary general meeting be held to approve the Framework Agreement; and

LETTER FROM THE BOARD

- (vi) it will not be in the interest of the Company nor the Shareholders as a whole to hold an extraordinary general meeting in order to approve the Framework Agreement in terms of cost, time and the management resources involved.

On 20 September 2004, the Company received a written approval on the sales of fertilizers by members of the Group to members of the Red Sun Group pursuant to the Framework Agreement from a closely allied group of Shareholders, namely Gold Rainbow, Trueway and Triluck which have no interests in the sales of fertilizers to members of the Red Sun Group other than through their equity interests in the Company. The shareholding interests of Gold Rainbow, Trueway and Triluck in the Company are 2,820,008,571 Shares (representing approximately 44.01%), 1,410,004,286 Shares (representing approximately 22.01%) and 470,001,429 Shares (representing approximately 7.34%) respectively. Gold Rainbow is an indirect wholly-owned subsidiary of CKH. Trueway and Triluck are both indirectly wholly-owned by Mr. Li Ka-shing who is the Chairman of CKH. No Shareholder is required to abstain from voting on the relevant resolution should an extraordinary general meeting be held. Accordingly, the Company has applied to the Stock Exchange for a waiver that no extraordinary general meeting is required to be held to consider the sales of fertilizers by members of the Group to members of the Red Sun Group pursuant to Rule 20.43 of the GEM Listing Rules.

The Company will comply with the provisions, and in particular, provisions governing continuing connected transactions, of Chapter 20 of the GEM Listing Rules in relation to the sales of fertilizers to members of the Red Sun Group pursuant to the Framework Agreement.

7. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 10 of this circular which contains its recommendation to the Shareholders concerning the Continuing Connected Transactions; and (ii) the letter from Dao Heng Securities set out on pages 11 to 16 of this circular which contains the recommendation to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions, the principal factors and reasons considered by Dao Heng Securities in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Dao Heng Securities, considers that the Framework Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and that the terms of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned.

8. ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Li Tzar Kuoi, Victor
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8222)

11 October 2004

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 11 October 2004 issued to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As the Independent Board Committee, we have been appointed by the Board to advise the Shareholders on whether the terms of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned. Details of the Continuing Connected Transactions are set out in the text of the letter from the Board as set out on pages 4 to 9 of the Circular.

We wish to draw your attention to the letter of advice from Dao Heng Securities as set out on pages 11 to 16 of the Circular which contains its advice and recommendation to us as to whether or not the Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole together with the principal factors and reasons for its advice and recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinions of, Dao Heng Securities as stated in its aforementioned letter of advice, we consider that the Framework Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and that the terms of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned. And accordingly we recommend the Shareholders to approve the Continuing Connected Transactions and the relevant caps.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Kwan Chiu Yin, Robert Wong Yue-chim, Richard Kwok Eva Lee

Independent Non-executive Directors

LETTER FROM DAO HENG SECURITIES LIMITED

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



11 October 2004

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement to advise the Independent Board Committee and the Shareholders in relation to the transactions contemplated under the Framework Agreement, details of which are set out in the letter from the Board in a circular dated 11 October 2004 to the Shareholders (the "Circular"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules. They involve the sales of fertilizers by members of the Group to members of the Red Sun Group. The Company indirectly holds a 52.88% equity interest in KP. Red Sun, which holds 47.12% equity interest in KP, is a substantial shareholder of KP and is therefore a connected person to the Company under the GEM Listing Rules. LZSM is a subsidiary of Red Sun and hence, LZSM is also a connected person to the Company under the GEM Listing Rules. In April 2004, JSL became a subsidiary of Red Sun where Intermediate holding company 1 (a subsidiary of LZSM) and Intermediate holding company 2 acquired 38% and 13% interest in JSL respectively and since then, JSL also became a connected person to the Company under the GEM Listing Rules.

Our role as the independent financial adviser to the Independent Board Committee and the Shareholders is to give our opinion as to whether the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business and the proposed annual caps under the Framework Agreement are fair and reasonable as far as the interests of the Company and Shareholders as a whole are concerned.

In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Circular and as provided to us by the Directors. We have assumed that all information and representations made or referred to in the Circular and all information and representations which have been provided by the Directors, are true and accurate in all material respects and that all expectations and intentions of the Company or the Directors will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the

LETTER FROM DAO HENG SECURITIES LIMITED

Directors and referred to in the Circular, and we have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view. We have not, however, conducted any form of independent investigation into the businesses and affairs or the financial position or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion as to whether the terms of the Continuing Connected Transactions under the Framework Agreement are fair and reasonable in so far as the interests of the Shareholders are concerned, we have considered the following principal factors and reasons:

Background of and reasons for entering into the Framework Agreement

As stated in the “Letter from the Board”, KP only started selling fertilizers to LZSM since February 2004 and to JSL since March 2004. The aggregate value of sales to LZSM from February 2004 to the Latest Practicable Date and to JSL from April 2004 to the Latest Practicable Date amounted to approximately RMB56,217,000 (approximately HK\$52,844,000).

The sales to both LZSM and JSL were entered into in the ordinary and usual course of business of the Group on normal commercial terms based on arm’s length negotiation. On 20 September 2004, the Company entered into a framework agreement with Red Sun to regulate future sales of fertilizers by members of the Group to members of the Red Sun Group. The Board anticipates that the aggregate annual value of sales of fertilizers by members of the Group to members of the Red Sun Group as governed by the Framework Agreement for subsequent years will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the disclosure requirement and independent Shareholders’ approval.

The Company has obtained a written certificate from a closely allied group of Shareholders relating to the transactions contemplated under the Framework Agreement, in lieu of seeking independent Shareholders’ approval at an extraordinary general meeting which would otherwise be required under the GEM Listing Rules, for the following reasons:

- (i) as shown in the chart included in the Letter from the Board, both the Company and Red Sun hold substantial interests in KP and in addition, the Company also has an indirect interest in JSL. There is accordingly no question of the Company or Red Sun benefiting from the other party as a result of any sale and purchase of fertilizers between the Group and the Red Sun Group whatever the price level will be, which will be negotiated between the parties on an arm’s length basis. In so far as the transactions with JSL is concerned, not only Red Sun but also the Company will benefit from the purchase and resale of fertilizers by JSL, given the Company’s interest in JSL;
- (ii) the terms of the Framework Agreement are similar to the terms of the supply agreements made between the Company and each of CKH and HIL, which were approved by the independent Shareholders at an extraordinary general meeting of the Company held on 26 September 2003;

LETTER FROM DAO HENG SECURITIES LIMITED

- (iii) the sales of fertilizers to members of the Red Sun Group were initially made by an Associate of the Company and were therefore not connected transactions for the Company, which only became so when the selling vehicle was changed to KP;
- (iv) the transactions between the Company and JSL were initially also not connected transactions for the Company and only became so when in April 2004, Intermediate holding company 1 and Intermediate holding company 2 referred to in the chart referred to above acquired a total of 51% interest in JSL, with the result that JSL became a subsidiary of Red Sun and hence, a connected person of the Company;
- (v) the sales of fertilizers are merely technical connected transactions, as Red Sun is a substantial shareholder of KP and no Shareholder is required to abstain from voting on the relevant resolution should an extraordinary general meeting be held to approve the Framework Agreement; and
- (vi) it will not be in the interest of the Company nor the Shareholders as a whole to hold an extraordinary general meeting in order to approve the Framework Agreement in terms of cost, time and the management resources involved.

Terms of the Framework Agreement

Parties to the Framework Agreement:

- (i) the Company as the seller
- (ii) Red Sun as the buyer

KP sold fertilizers to each of LZSM and JSL respectively by entering into individual sales contracts. The sales prices are determined based on arm's length negotiation and with reference to the prevailing market prices. Under the Framework Agreement, the Company has agreed to sell, and/or procure members of the Group to sell, fertilizers to members of the Red Sun Group by entering into individual sales contracts. The sales price will be determined based on arm's length negotiation and with reference to the prevailing market prices.

The Framework Agreement shall be deemed to have commenced on 17 January 2004 and will expire on 31 December 2006. Upon expiry of the Framework Agreement, the parties will, subject to the conditions prevailing at that time, consider renewing the Framework Agreement or entering into a new agreement, and will, if appropriate, use their best efforts to renew the Framework Agreement or enter into a new agreement with each other on terms to be mutually agreed, subject to compliance with all applicable laws and regulatory rules.

LETTER FROM DAO HENG SECURITIES LIMITED

In regards to the terms of the Continuing Connected Transactions, the Directors confirmed that they are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis. The terms and conditions for the provision of fertilizers to members of the Red Sun Group are, and will be, determined with reference to and be comparable with market rates and the terms and conditions for the provision of fertilizers by the Group to independent third parties, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties. On this basis, we concur with the views of the management of the Company that the Continuing Connected Transactions will be carried out on normal commercial terms.

Proposed annual caps

The Company projects that the value of fertilizers provided or to be provided by the Group to members of the Red Sun Group pursuant to the Framework Agreement shall not exceed the relevant caps set out below:

For the year ending	Proposed Caps (in HK\$)
31 December 2004	79,000,000
31 December 2005	270,000,000
31 December 2006	431,000,000

We note that the proposed cap amounts prepared by the management of the Company are determined with reference to (i) the recent sales of fertilizers to LZSM and JSL, (ii) the current sales contracts on hand, and (iii) sales projections provided by management of KP. In determining the sales projections, KP has taken into account the following factors which are expected to result in the projected increase of sales for the year 2005:

- (a) expected expansion in the range of fertilizers available in order to increase appeal to different market segments which will result in a substantial increase in market demand for the fertilizers through the Red Sun Group;
- (b) the management of the Group is expecting an expansion in the number of distribution outlets for the fertilizers as a result of the implementation of advertising and promotional programs, which will in turn attract more dealers and retailers to participate in selling the fertilizers;
- (c) the Group's own production lines will commence operation in early 2005 which can meet the increasing demand for the fertilizers from the Red Sun Group;
- (d) the Group's logistic arrangement will be more organized and efficient to achieve higher sales volume to the Red Sun Group to meet increasing demand for the fertilizers; and
- (e) the support and sales capacity for the Group's products by the Red Sun Group are expected to increase through increased product application training and advertising and promotional programs.

LETTER FROM DAO HENG SECURITIES LIMITED

The management of KP also expects that in the year 2006, the expansion in the range of fertilizers available, the increase in product application training and advertising and promotional programs and brand awareness will continue and that production capacity in respect of the fertilizers will increase.

With reference to the above reasons, the Company believes that the amounts of the proposed annual caps is appropriate for the three years ending 31 December 2006. After discussion with the management of the Company in this regard, we concur with the view of the Company and consider it reasonable to determine the relevant annual caps in the manner adopted by the Company.

In assessing the reasonableness of the relevant annual caps, we have put into consideration the recent sales of fertilizers to LZSM and JSL and the current sales contracts on hand provided to us by the management of the Company, as well as discussed with the management of the Company the bases and assumptions underlying the sales projection for the purpose of setting the relevant annual caps.

We note that the sales projection of the fertilizers to be provided to members of the Red Sun Group was made with reference to the product development and the expansion of distribution outlets and sales capacity for the fertilizers. According to the annual report 2003 of the Company, the Group's fertilizer business experienced steady growth and encouraging development in 2003. For the year ended 31 December 2003, the sales of eco-agricultural products increased substantially and amounted to approximately HK\$23.69 million as compared to that of the year ended 31 December 2002 of approximately HK\$4.95 million. The Group expects to expand the range of fertilizers in the coming years to meet the increasing demand in the PRC. Moreover, according to the first quarter report 2004 of the Company, the Company has developed a two-pronged strategy for rapid business growth. On one hand, the Group will embark on initiatives to speed up sales and launch new products while on the other hand, it will accelerate its pace of expansion through strategic acquisitions. The Group and Red Sun have together committed to two cooperation initiatives. The first initiative involved the acquisition of a vast distribution network spanning over 470 distribution points across the entire province of Jiangsu and the second initiative involved the setting up of a fertilizer plant to facilitate an increase in fertilizer production. We therefore have no reason to doubt that the entering into of the Framework Agreement could help boost the sales of the fertilizers. Taking into account the product development plan of the Group and the strong sales network of Red Sun, we consider that using the projected annual figures of providing fertilizers to members of the Red Sun Group to form the basis for determining the relevant annual caps can provide a sufficient buffer for the Group to expand its business and sales up to 31 December 2006. On this basis, we consider that the relevant annual caps being set for the value of the fertilizers provided or to be provided to members of the Red Sun Group are in the interests of the Company and the Shareholders as a whole and are fair and reasonable as far as the interest of the Shareholders are concerned. Having said that, Shareholders should note that the projected sales figures may vary depending on numerous factors, including the progress of research and development of new products, the market reception of the new products and market condition at the time throughout the duration of the Framework Agreement.

LETTER FROM DAO HENG SECURITIES LIMITED

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Framework Agreement and the relevant annual caps being set for the value of the fertilizers provided or to be provided to members of the Red Sun Group are in the interests of the Company and its Shareholders and are fair and reasonable as far as the interests of the Shareholders are concerned. The Continuing Connected Transactions are carried out on normal commercial terms and in the ordinary course of business of the Group. Accordingly, we would advise the Independent Board Committee to recommend the Shareholders to approve and we would recommend the Shareholders to approve the Continuing Connected Transactions and the relevant caps.

Yours faithfully,
For and on behalf of
Dao Heng Securities Limited
Venus Choi Frankie Yan
Executive Director Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

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

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

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the Shares

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

Notes:

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

(2) Long positions in the underlying Shares

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, details of which as at the Latest Practicable Date were as follows:

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

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

3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

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

(1) Long positions of substantial Shareholders in the Shares

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

(2) Long positions of other persons in the Shares

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

Notes:

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

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

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

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

4. DETAILS OF OPTIONS GRANTED BY THE COMPANY

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

As at the Latest Practicable Date, options to subscribe for an aggregate of 21,637,100 Shares 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 the Latest Practicable Date	Option period	Subscription price per Share HK\$
30/9/2002	3,726,800	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	8,326,300	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	9,584,000	19/1/2005 – 18/1/2014 (Note 3)	1.762

Details of the share options granted to Mr. Cheung Ling Yuk, Larry, a management Shareholder, pursuant to the Share Option Scheme as at the Latest Practicable Date were as follows:

Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share HK\$
30/9/2002	316,000	30/9/2003 – 29/9/2012 (Note 1)	1.598
27/1/2003	580,000	27/1/2004 – 26/1/2013 (Note 2)	1.446
19/1/2004	580,000	19/1/2005 – 18/1/2014 (Note 3)	1.762

Notes:

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

2. The options are exercisable from 27 January 2004 to 26 January 2013 (both days inclusive) subject to the following vesting period:
- (i) up to 35% of the options commencing on 27 January 2004;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 27 January 2005; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 27 January 2006.
3. The options are exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting period:
- (i) up to 35% of the options commencing on 19 January 2005;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 19 January 2006; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 19 January 2007.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of Directors, management Shareholders or their respective Associates in the businesses which compete or may compete, either directly or indirectly, with the businesses of the Group 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
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 CKH and HWL, 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 CKH and HWL.

Both CKH and HWL 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. The disclosure herein above is made on the basis that there might be a chance that such businesses might have competed, 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 or their respective Associates have any interests in a business which competes or may compete with the businesses of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS

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

7. MATERIAL CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2003, the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT

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

Name	Qualification
Dao Heng Securities Limited	A deemed licensed corporation under transitional arrangement within the meaning of the SFO to carry out types 1, 4, 6, 7 and 9 regulated activities under the SFO.

- (b) As at the Latest Practicable Date, Dao Heng Securities does not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) As at the Latest Practicable Date, Dao Heng Securities did not have any direct or indirect interest in any assets which have been since 31 December 2003, the date to which the latest published audited account of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.
- (d) Dao Heng Securities has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 11 October 2004 and the references to its name included herein in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong on weekday other than public holidays up to and including 25 October 2004:

- (a) memorandum and articles of association of the Company;
- (b) the Framework Agreement;
- (c) the letter from Dao Heng Securities, the text of which as set out on pages 11 to 16 of this circular;
- (d) the written consent from Dao Heng Securities referred to in paragraph 8(d) of this Appendix; and
- (e) the written approval given by Gold Rainbow, Trueway and Triluck in relation to the Framework Agreement dated 20 September 2004.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, Grand Cayman, Cayman Islands.
- (b) The head office of the Company is situated at 2 Dai Fu Street, Tai Po Industrial Estate, Tai Po, Hong Kong and the principal place of business of the Company is situated at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (d) The company secretary of the Company is Ms. Eirene Yeung who is a solicitor of the High Court of Hong Kong and of the Supreme Court of Judicature in England and Wales. She also holds a Master's degree in Business Administration.
- (e) Mr. Lam Hing Chau, Leon is the qualified accountant and compliance officer of the Company. He is a fellow of Hong Kong Institute of Certified Public Accountants, CPA Australia and The Association of Chartered Certified Accountants, the United Kingdom.
- (f) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the GEM Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:
 - (i) the Chairman of the meeting; or
 - (ii) at least five Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
 - (iii) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
 - (iv) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

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

- (g) In any event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

This circular (in both English and Chinese versions) (“Circular”) 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 Circular.

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

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

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