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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)

**DISCLOSEABLE TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS**

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



CCB International Capital Limited

A letter from the Board is set out on pages 4 to 11 of this circular.

A letter from CCB International Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 13 to 18 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 the Company at www.ck-lifesciences.com.

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 of the Stock Exchange 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, the following expressions have the following meanings unless the context indicates otherwise:

“associate(s)”, “connected person(s)” and “substantial shareholder(s)”	have the same meaning(s) ascribed to them in the GEM Listing Rules (as may be amended from time to time)
“Board”	the board of directors of the Company
“CCBI”	CCB International Capital Limited, the independent financial adviser to the Independent Board Committee and the Shareholders appointed by the Company
“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
“Continuing Connected Transactions”	the continuing connected transactions between the Group and the Red Sun Group relating to the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group as contemplated under the New Framework Agreement
“Directors”	the directors of the Company
“Existing Framework Agreement”	the framework agreement dated 20 September 2004 between the Company and Red Sun
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Gold Rainbow”	Gold Rainbow Int’l Limited, an investment holding company incorporated in the British Virgin Islands
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board consisting of the Independent Directors, namely, Professor Wong Yue-chim, Richard, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel
“Independent Directors”	the independent non-executive directors of the Company from time to time
“Jiangsu Technology”	江蘇科邦生態肥有限公司 (Jiangsu Technology Union Eco-fertilizer Limited), a company incorporated in PRC
“JT Disposal Agreement”	the two sale and purchase agreements both dated 24 November 2006 between Rimco Resources Limited as seller and TL as buyer for the sale by Rimco Resources Limited of a total of 8.625% equity interests in Jiangsu Technology to TL
“Latest Practicable Date”	13 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Model Code”	Model Code on Securities Transactions by Directors adopted by the Company
“New Framework Agreement”	the framework agreement dated 24 November 2006 between the Company and Red Sun
“NJ Acquisition Agreement”	the two sale and purchase agreements both dated 24 November 2006 between Rimco Resources Limited as buyer and Red Sun as seller for the sale and purchase of a total of 36.76% equity interests in NJLP at a total consideration of RMB9,132,150
“NJLP”	南京綠邦生態科技有限公司 (Nanjing Green Union Eco-Technology Limited), a company incorporated in PRC
“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 incorporated in PRC and listed on the Shenzhen Stock Exchange
“Red Sun Group”	Red Sun, its subsidiaries and associates (as defined in the GEM Listing Rules)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)” or “Member(s)”	holder(s) of the Share(s)

DEFINITIONS

“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
“Triluck”	Triluck Assets Limited, a company incorporated in the British Virgin Islands
“Trueway”	Trueway International Limited, a company incorporated in the British Virgin Islands
“TL”	江蘇長江塗料有限公司 (Jiangsu Chang Jiang Painting Material Company Limited*), a company incorporated in PRC
“HK\$”	the lawful currency of Hong Kong
“RMB”	the lawful currency of PRC
“US\$”	US dollars, the lawful currency of the United States of America

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*

CHU Kee Hung *Vice President, Technology and Product Development*

Non-executive Directors

Peter Peace TULLOCH *Non-executive Director*

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

KWOK Eva Lee *Independent Non-executive Director*

Colin Stevens RUSSEL *Independent Non-executive Director*

Company Secretary

Eirene YEUNG

Registered Office

P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

Head Office

2 Dai Fu Street
Tai Po Industrial Estate
Tai Po
Hong Kong

Principal Place of Business

7th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

18 December 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Directors refer to the announcement of the Company dated 24 November 2006 in relation to, among other things, the JT Disposal Agreement and the New Framework Agreement.

The purpose of this circular is to give you further information in relation to the JT Disposal Agreement and the New Framework Agreement. It also sets out the letter from the Independent Board Committee containing its recommendation to the Shareholders concerning the Continuing Connected Transactions and the letter from CCBI containing its recommendation to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions.

LETTER FROM THE BOARD

(I) JT Disposal Agreement

Rimco Resources Limited, a wholly-owned subsidiary of the Company, entered into the JT Disposal Agreement with TL. Pursuant to the JT Disposal Agreement, Rimco Resources Limited has agreed to transfer 8.625% equity interests in Jiangsu Technology to TL for a consideration of RMB9,132,150.

(a) Date: 24 November 2006

(b) Parties:

- (1) Rimco Resources Limited, a wholly-owned subsidiary of the Company, as seller
- (2) TL, as buyer

TL is owned as to 95% by 紅太陽集團有限公司 (Red Sun Group Limited*). 紅太陽集團有限公司 (Red Sun Group Limited*) is a PRC state-owned enterprise. To the best knowledge of the Directors, TL, 紅太陽集團有限公司 (Red Sun Group Limited*) and their ultimate beneficial owners are independent third parties which are not connected persons of the Company.

(c) Assets disposed and to be disposed by Rimco Resources Limited:

8.625% equity interests in Jiangsu Technology to be separated in two tranches. Completion of the transfer of the 5.75% equity interests in Jiangsu Technology took place in November 2006 and the transfer of the remaining 2.875% equity interests in Jiangsu Technology is expected to take place before 30 May 2007. Prior to completion of the disposal of the 5.75% equity interests in Jiangsu Technology, Jiangsu Technology was held as to 52.88% by Rimco Resources Limited. After completion of the disposal of the 5.75% equity interests in Jiangsu Technology pursuant to the JT Disposal Agreement, the indirect interests of the Company in Jiangsu Technology have been reduced to 47.13% and Jiangsu Technology has ceased to be a subsidiary of the Company and will be equity accounted for as an associated company in the accounts of the Group. After completion of the disposal of 2.875% equity interests in Jiangsu Technology pursuant to the JT Disposal Agreement, the Company's indirect interests in Jiangsu Technology will be further reduced to 44.255%.

LETTER FROM THE BOARD

(d) Consideration:

RMB9,132,150 was arrived at after arm's length negotiations between Rimco Resources Limited and TL and by reference to the registered capital of Jiangsu Technology. Such consideration represents an excess of RMB22,425 of 8.625% of the net asset value of Jiangsu Technology as at 31 December 2005. Pursuant to the JT Disposal Agreement, TL: (i) shall pay Rimco Resources Limited RMB6,088,100, being consideration for 5.75% equity interests in Jiangsu Technology, upon completion of the transfer of 5.75% equity interests in Jiangsu Technology; and (ii) shall pay Rimco Resources Limited RMB3,044,050, being consideration for 2.875% equity interests in Jiangsu Technology, upon completion of the transfer of 2.875% equity interests in Jiangsu Technology before 30 May 2007. The payment of consideration by TL is separated by two tranches because of TL's internal investment restriction. Rimco Resources Limited will apply the said sum of RMB6,088,100 for settlement of the RMB6,088,100 payable by Rimco Resources Limited under the NJ Acquisition Agreement and Rimco Resources Limited will apply the remaining balance of RMB3,044,050 payable by TL under the JT Disposal Agreement for settlement of the remaining balance of RMB3,044,050 payable by Rimco Resources Limited under the NJ Acquisition Agreement. The Group will not record any gain or loss as a result of the completion of the JT Disposal Agreement. It is estimated that the completion of the JT Disposal Agreement and the NJ Acquisition Agreement will not have any significant effect on the earnings, assets and liabilities of the Group.

(e) Information on Jiangsu Technology:

The business operations of Jiangsu Technology are manufacturing and selling of fertilizers. As at the time of signing the JT Disposal Agreement, Jiangsu Technology is owned as to 52.88% by Rimco Resources Limited and as to 47.12% by Red Sun. Red Sun has also agreed to transfer 2.875% equity interests in Jiangsu Technology to TL for a consideration of RMB3,044,050, as a result of which and upon completion of the JT Disposal Agreement, Jiangsu Technology will be owned as to 11.5% by TL. The existing board of directors of Jiangsu Technology comprises 4 directors appointed by Rimco Resources Limited and 3 directors appointed by Red Sun. Upon completion of the disposal of interests in Jiangsu Technology by Rimco Resources Limited and Red Sun to TL, the board of directors of Jiangsu Technology will comprise 4 directors appointed by each of Rimco Resources Limited and Red Sun and 1 director to be appointed by TL.

The net asset value of Jiangsu Technology as at 31 December 2005 was approximately RMB105,620,000. The net profit before taxation and extraordinary items for the year ended 31 December 2004 was approximately RMB660,000 and the net loss before taxation and extraordinary items for the year ended 31 December 2005 was approximately RMB723,000. The net profit after taxation and extraordinary items for the year ended 31 December 2004 was approximately RMB417,000 and the net loss after taxation and extraordinary items for the year ended 31 December 2005 was approximately RMB877,000. The above financial information of Jiangsu Technology are based on audited consolidated accounts of Jiangsu Technology prepared in accordance with PRC accounting standards and have been converted in accordance with Hong Kong accounting standards.

LETTER FROM THE BOARD

(f) Reasons for the JT Disposal Agreement:

The Group has been manufacturing and producing specially formulated eco-fertilizers known as NutriSmart® for many years. The Red Sun Group has an extensive distribution network in the PRC for the sales of agricultural products. The JT Disposal Agreement was entered into for the purpose of enabling the two groups to concentrate more on their respective strengths: manufacturing and producing specially formulated eco-fertilizers on the one hand, and sales and distribution of fertilizers on the other hand.

The Group has no present intention to dispose any of its remaining interests in Jiangsu Technology after completion of the JT Disposal Agreement.

(II) Continuing Connected Transactions

(A) *Existing Framework Agreement*

On 20 September 2004, the Company entered into the Existing Framework Agreement with Red Sun to govern the rights and obligations of the parties regarding the sales of fertilizers by members of the Group to members of the Red Sun Group. The sales of fertilizers by members of the Group to members of the Red Sun Group constituted continuing connected transactions for the Company under the GEM Listing Rules. Details of the Existing Framework Agreement were disclosed in the announcement and circular of the Company dated 20 September 2004 and 11 October 2004 respectively. As the Existing Framework Agreement will expire on 31 December 2006, the Company has entered into the New Framework Agreement for a term of three years commencing from 1 January 2007 to govern the rights and obligations of the parties regarding the sales and purchases of fertilizers and related agricultural products and provision of ancillary services between members of the Group and members of the Red Sun Group.

The cap amount of the transactions under the Existing Framework Agreement for the three years ending 31 December 2006 (as mentioned in the announcement and circular of the Company dated 20 September 2004 and 11 October 2004 respectively) are HK\$79,000,000, HK\$270,000,000 and HK\$431,000,000 respectively. The aggregate actual amount of the transactions pursuant to the Existing Framework Agreement for each of the two financial years ended 31 December 2005 are approximately RMB81,744,000 (approximately HK\$76,839,360) and RMB124,157,000 (approximately HK\$117,949,150) respectively. The amount of the transactions pursuant to the Existing Framework Agreement for the ten months up to 31 October 2006 is approximately RMB101,700,000 (approximately HK\$99,000,000). The actual amount of transactions pursuant to the Existing Framework Agreement for each of the two years and ten months ended 31 October 2006 are within the relevant cap.

LETTER FROM THE BOARD

(B) New Framework Agreement

The Group and the Red Sun Group will continue to enter into transactions of a nature similar to the transactions under the Existing Framework Agreement after the expiry of the Existing Framework Agreement on 31 December 2006. It is also expected that members of the Group may also purchase fertilizers and related agricultural products and provide ancillary services from or to members of the Red Sun Group and vice versa. On 24 November 2006, the Company entered into the New Framework Agreement with Red Sun. Details of the New Framework Agreement are as follows:

(a) Parties to the New Framework Agreement:

- (1) the Company
- (2) Red Sun

Red Sun is a substantial shareholder holding 47.12% equity interests of Jiangsu Technology (which is a subsidiary of the Company as at the time of signing the JT Disposal Agreement) and is therefore a connected person of the Company under the GEM Listing Rules.

(b) Terms of the New Framework Agreement:

Members of the Group and members of the Red Sun Group may sell or purchase fertilizers and related agricultural products and provide ancillary services to or from each other by entering into individual sales and/or services contracts. The sales prices are determined based on arm's length negotiations and with reference to the prevailing market prices.

The New Framework Agreement shall commence on 1 January 2007 and will expire on 31 December 2009. Upon expiry of the New Framework Agreement, the parties will, subject to the conditions prevailing at that time, consider renewing the New Framework Agreement or entering into a new agreement, and will, if appropriate, use their best efforts to renew the New 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.

The Board anticipates that the aggregate annual value of sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group as governed by the New 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 under the GEM Listing Rules.

LETTER FROM THE BOARD

Based on the projections for the three years ending 31 December 2009, the respective proposed caps for the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services pursuant to the New Framework Agreement are as follows:

	For the year ending 31 December 2007	For the year ending 31 December 2008	For the year ending 31 December 2009
Caps:	HK\$147,000,000	HK\$173,000,000	HK\$200,000,000

The cap amounts mentioned above are determined by reference to, among other matters, (i) the sales of fertilizers under the Existing Framework Agreement; (ii) the anticipated growth in the sales and purchases of fertilizers; (iii) the Group's demand for blended fertilizers from the Red Sun Group; (iv) the Group's exports of fertilizers to overseas markets; (v) sales and purchases of other agricultural products; and (vi) processing, production, blending, sourcing, packaging, leasing of equipments and/or land for production and related purposes, training, use of proprietary technology, IT system, quality analysis and control, administrative support and other services ancillary to the foregoing activities. The increase in the caps for year 2007 to 2009 is mainly because of the purchase of fertilizers by members of the Group from the Red Sun Group and the development of new sales channels between the Group and the Red Sun Group including the sales of chemical fertilizers by NJLP to a member of the Red Sun Group and the selling of NutriSmart® by NJLP to Jiangsu Technology. It is currently expected that the increase in transaction amount under the New Framework Agreement for the year ending 31 December 2008 will be approximately 18% and the increase in transaction amount under the New Framework Agreement for the year ending 31 December 2009 will be approximately 16%.

On 24 November 2006, the Company received a written approval on the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group pursuant to the New Framework Agreement from a closely allied group of Shareholders, namely Gold Rainbow, Trueway and Triluck which have no interests in the New Framework Agreement other than through their equity interests in the Company. The shareholding interests of Gold Rainbow, Trueway and Triluck in the Company are 4,258,634,570 Shares (representing approximately 44.30%), 2,119,318,286 Shares (representing approximately 22.05%) and 716,441,429 Shares (representing approximately 7.45%) respectively. Gold Rainbow is an indirect wholly-owned subsidiary of CKH. Trueway and Triluck are both wholly-owned by Li Ka Shing Foundation Limited. 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

LETTER FROM THE BOARD

meeting is required to be held to consider the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group under the New Framework Agreement pursuant to Rule 20.43 of the GEM Listing Rules.

(C) Reasons for the Continuing Connected Transactions

The sales and purchases of fertilizers pursuant to the Existing Framework Agreement 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. Red Sun is a company incorporated in PRC and listed on the Shenzhen Stock Exchange and is held as to 30.2% by 紅太陽集團有限公司 (Red Sun Group Limited*).

Members of the Group have been selling fertilizers to members of the Red Sun Group for blending with other fertilizers for the past years pursuant to the Existing Framework Agreement and will continue to do so under the New Framework Agreement. As the Group has good direct customer network, the new arrangement of sales by members of the Red Sun Group to members of the Group under the New Framework Agreement will make Red Sun Group's products available for use by some direct customers with large farms.

With the above arrangements and co-operation, each of the members of the Group and the Red Sun Group can make use of its own unique and extensive business operations and networks to help one another to sell and distribute the fertilizer products and related agricultural products and provide ancillary services ultimately to third parties in a more effective and efficient manner. These arrangements will eventually be beneficial to both groups in terms of sales volume and profitability.

The Directors, including the Independent Directors whose view is subject to the advice to be provided by CCBI, consider that the New Framework Agreement is on normal commercial terms and on terms no less favourable than those available from independent third parties who are not connected persons of the Group as defined in the GEM Listing Rules. The sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group are beneficial to the business and the profitability of the Group. Therefore, the Directors consider the New Framework Agreement and the cap mentioned above to be fair and reasonable and that it is in the interest of the Group to engage in such transactions.

(III) General

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

LETTER FROM THE BOARD

The principal business activities of TL are manufacturing and selling of paint, resins, construction materials, chemical products and the related services and businesses.

Red Sun is a company listed on the Shenzhen Stock Exchange and its principal business activities are manufacturing and selling of fertilizers, pesticides, technical grade materials and the related businesses and services as well as investment management and advisory.

The transaction under the JT Disposal Agreement constitutes a discloseable transaction for the Company pursuant to Chapter 19 of the GEM Listing Rules as the relevant percentage ratios are more than 5% but less than 25% and such transaction is subject to announcement and circular requirements under Rule 19.33 of the GEM Listing Rules.

As for the New Framework Agreement, the Company has obtained a written certificate of approval from a closely allied group of Shareholders relating to the transactions contemplated thereunder. Accordingly, the Company has applied to the Stock Exchange for a waiver pursuant to Rule 20.43 of the GEM Listing Rules that no extraordinary general meeting is required to be held to consider the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group under the New Framework Agreement.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Shareholders concerning the Continuing Connected Transactions and the relevant caps; and (ii) the letter from CCBI set out on pages 13 to 18 of this circular which contains the recommendation to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions and the relevant caps, the principal factors and reasons considered by CCBI in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of CCBI, considers that the New 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 and the relevant caps are fair and reasonable so far as the Shareholders are concerned.

Your attention is also drawn to 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)

18 December 2006

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 18 December 2006 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 New Framework Agreement and the annual caps are fair and reasonable so far as the Shareholders are concerned. Details of the New Framework Agreement and the annual caps are set out in the text of the letter from the Board as set out on pages 4 to 11 of the Circular.

We wish to draw your attention to the letter of advice from CCBI as set out on pages 13 to 18 of the Circular which contains its advice and recommendation to us as to whether or not the New Framework Agreement and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole together with the principal factors and reasons for its advice and recommendation.

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

Yours faithfully,

For and on behalf of

the Independent Board Committee

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

Independent Non-executive Directors

LETTER FROM CCBI

The following is the full text of the letter of advice from CCBI to the Independent Board Committee and the Shareholders prepared for incorporation in this circular.



18 December 2006

CK Life Sciences Int'l., (Holdings) Inc.
7th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

*To the Independent Board Committee and
the Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions and the annual caps relating thereto, details of which are contained in a circular (the "Circular") dated 18 December 2006 to the Shareholders, 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 Company has entered into the New Framework Agreement for a term of three years commencing from 1 January 2007 to govern the rights and obligations of the parties regarding the sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group. As the Continuing Connected Transactions are expected to constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules, such transactions together with the associated annual caps will be subject to the independent Shareholders' approval at a general meeting by way of poll and will be subject to the reporting requirements set out in Rules 20.45 to 20.47 and the annual review requirements of Rules 20.35 to 20.40 of the GEM Listing Rules.

LETTER FROM CCBI

The Company has obtained a written approval relating to the transactions contemplated under the New Framework Agreement from a closely allied group of Shareholders, namely Gold Rainbow, Trueway and Triluck which respectively holds approximately 44.30%, 22.05% and 7.45% shareholding interests of the Company. These shareholders have no interests in the New Framework Agreement other than through their equity interests in the Company, and as such, none of them 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 and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group under the New Framework Agreement pursuant to Rule 20.43 of the GEM Listing Rules.

BASIS OF OUR RECOMMENDATION

In formulating our opinion with regard to the Continuing Connected Transactions and the associated annual caps, we have reviewed, amongst other things, the Circular and the New Framework Agreement. We have also considered the information given, in writing and orally, by the Directors, the Company's management and the Company's advisers.

We have been advised by the Directors that no material facts have been omitted and we are not aware of any facts or circumstances which would render the information provided or the representations made to, and relied upon by, us untrue, inaccurate or misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have assumed that all statements of intention of the Company's management or its Directors, as set forth in the Circular, will be implemented and that the New Framework Agreement is enforceable against each of the parties thereto in accordance with its terms and that each of the parties will perform, and will be able to perform, its obligations thereunder in full when due.

LETTER FROM CCBI

We consider that we have reviewed sufficient information and documents and have taken reasonable steps to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the Continuing Connected Transactions in order to reach an informed view. We have not, however, carried out any independent verification of the information provided to us nor have we conducted any form of independent in-depth investigation into the commercial viability or the future prospects of the Continuing Connected Transactions. We have further assumed that all material governmental, regulatory, or other consents and approvals necessary for the effectiveness and implementation of the Continuing Connected Transactions have been or will be obtained.

This letter is for the information of the Independent Board Committee and the Shareholders solely in connection with the Continuing Connected Transactions and the associated annual caps and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions, we have considered the following principal factors and reasons:

Background and rationale

The Group is principally engaged in the research and development, manufacturing, commercialization, marketing and selling of environmental and human health products, as well as investment in various financial and investment products.

The Group has been conducting sales to the Red Sun Group under the Existing Framework Agreement, which will expire on 31 December 2006. On 24 November 2006, the Group and the Red Sun Group entered into the New Framework Agreement in anticipation that they will continue to enter into transactions of a nature similar to the transactions under the Existing Framework Agreement after the expiry of the Existing Framework Agreement as well as other transactions including sales and purchases of fertilizers and related agricultural products and the provision of ancillary services from or to members of the Red Sun Group. The Board anticipates that the aggregate annual value of sales and purchases under the New Framework Agreement for each of the three years ending 31 December 2009 will be of an amount exceeding the threshold under Rule 20.34 of the GEM Listing Rules and will be subject to the relevant disclosure requirements and independent Shareholders' approval.

As mentioned above, the Company has obtained a written certificate of approval from a closely allied group of Shareholders regarding the transactions contemplated under the New Framework Agreement.

Terms of the New Framework Agreement

Parties to the New Framework Agreement:

- (i) the Company
- (ii) Red Sun

LETTER FROM CCBI

The Board anticipates that under the New Framework Agreement, members of the Group and members of the Red Sun Group may sell or purchase fertilizers and related agricultural products and provide ancillary services to or from each other by entering into individual sales and/or services contracts.

The New Framework Agreement shall commence on 1 January 2007 and will expire on 31 December 2009. The Board anticipates that upon expiry of the New Framework Agreement and subject to the conditions prevailing at that time, the Group and the Red Sun Group will use their best efforts to renew the New Framework Agreement or enter into a new agreement on terms to be mutually agreed, subject to compliance with all applicable laws and regulatory rules.

The Board confirmed that the Continuing Connected Transactions 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 and the terms and conditions for individual contracts under the New Framework Agreement will be determined with reference to and be comparable with market prices and the terms and conditions for that of independent third parties or 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 Board that the Continuing Connected Transactions will be carried out on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Proposed annual caps

The Board projects that the aggregate annual value of sales and purchases of fertilizers and related agricultural products and the provision of ancillary services between members of the Group and members of the Red Sun Group pursuant to the New Framework Agreement shall not exceed the relevant annual caps as set out below:

For the year ending	Proposed Caps (HK\$)
31 December 2007	147,000,000
31 December 2008	173,000,000
31 December 2009	200,000,000

We note that the cap amounts stated above are determined by the Board with reference to the following factors:

- i) the aggregate actual amounts of fertilizers sold to the Red Sun Group under the Existing Framework Agreement;
- ii) the anticipated growth in the Group's sales and purchases of fertilizers to and from the Red Sun Group respectively;
- iii) the Group's anticipated demand for blended fertilizers from the Red Sun Group;
- iv) the anticipated growth in the Group's exports of fertilizers to overseas markets;

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- v) the Group's anticipated sales and purchases of other agricultural products; and
- vi) the processing, production, blending, sourcing, packaging, leasing of equipments and/or land for production and related purposes, training, use of proprietary technology, IT system, quality analysis and control, administrative support and other services ancillary to the foregoing activities by members of the Group or members of the Red Sun Group.

In assessing the reasonableness of the annual caps stated above, we have discussed with the management of the Company the principal bases and assumptions underlying the projections for the purpose of determining such annual caps. According to the annual report for the year ended 31 December 2005 and the third quarter report for the nine months ended 30 September 2006 of the Company, turnover generated from the environment segment recorded an increase of approximately 174% and 43% when compared to that of the year ended 31 December 2004 and the nine months ended 30 September 2005, respectively. The Board is of the view that such growth is, amongst others, due to the market expansion through stronger alliances with strategic partners, including the Red Sun Group in the PRC. We were given to understand that the Red Sun Group is one of the major distributors and retailers of agricultural products, including fertilizers, in the PRC with total turnover for Red Sun of approximately RMB2,069 million and RMB2,199 million for the nine months ended 30 September 2006 and the year ended 31 December 2005 respectively. Members of the Group have been selling fertilizers to members of the Red Sun Group for blending with other fertilizers for the past years pursuant to the Existing Framework Agreement. The aggregate actual amounts of fertilizers sold to the Red Sun Group pursuant to the Existing Framework Agreement (the "Actual Amount") for each of the two years ended 31 December 2005 are approximately HK\$76,839,360 and HK\$117,949,150 respectively, both of which are within the relevant caps for the same period. For the ten months ended 31 October 2006, the Actual Amount is approximately HK\$99,000,000. The Board expects that the Actual Amount for the entire year 2006 will also be within the relevant cap set for the same year.

The Group has, in the past, been focusing primarily on manufacturing and sale of specially formulated eco-fertilizers known as NutriSmart® and other blended fertilizers for its agricultural division. Following the completion of the JT Disposal Agreement, the Group will concentrate on the manufacture of specially formulated eco-fertilizers (i.e. NutriSmart®). Hence, the Board expects that instead of arranging the blending of fertilizers itself, the Group will supply NutriSmart® and other fertilizers' ingredients to members of the Red Sun Group and to Jiangsu Technology for manufacturing blended fertilizers. Under the New Framework Agreement, the Board considers that the Group will be able to utilize its existing distribution network to distribute Red Sun Group's products, including blended fertilizers and other related products directly to its customers with large farms.

The Board anticipates that the amounts under the Continuing Connected Transactions would increase for the two years ending 31 December 2008 and 2009 mainly due to the increase in sales of chemical fertilizers and NutriSmart® to the Red Sun Group as the above mentioned arrangements and co-operation between the Red Sun Group and the Group will enable their respective members to utilize their business networks in a more effective and efficient manner. The Board estimates that the increase in transaction amount to be approximately 18% and 16% for the two years ending 31 December 2008 and 2009 respectively.

LETTER FROM CCBI

In anticipation of the future growth in the demand of fertilizers in the PRC market, the Board considers that these arrangements will eventually be beneficial to both the Red Sun Group and the Group in terms of sales volume and profitability. With the above reasons, we concur with the Board's view that it is reasonable to determine the annual caps in the manner adopted by the Company.

Taking into account of the above and the robust economic growth in the PRC, we consider that the annual caps being set for the transactions contemplated under the New Framework Agreement to be fair and reasonable as far as the Shareholders' interests are concerned. In addition, the Company is required to comply with Rules 20.37 to 20.40 of the GEM Listing Rules including, but not limited to, annual review of the Continuing Connected Transactions by the Independent Directors for the purpose of confirming whether the Continuing Connected Transactions have been entered into:–

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

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Continuing Connected Transactions are conducted on an arm's length basis and on normal commercial terms and in the usual and ordinary course of business of the Group and the terms of the New Framework Agreement and the relevant annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Shareholders to approve the Continuing Connected Transactions and the relevant caps.

Yours faithfully,
For and behalf of
CCB International Capital Limited
Eric Lee
Executive 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 is 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	2,250,000	–	–	4,258,634,570 <i>(Note)</i>	4,260,884,570	44.33%
Kam Hing Lam	Interest of child or spouse	–	6,225,000	–	–	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	–	–	–	2,250,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	2,250,000	–	–	–	2,250,000	0.02%
Chu Kee Hung	Beneficial owner	2,250,000	–	–	–	2,250,000	0.02%
Peter Peace Tulloch	Beneficial owner	1,050,000	–	–	–	1,050,000	0.01%
Wong Yue-chim, Richard	Beneficial owner	375,000	–	–	–	375,000	0.004%
Kwok Eva Lee	Beneficial owner	200,000	–	–	–	200,000	0.002%

Note: Such 4,258,634,570 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 (“DT1”) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”) 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 4,258,634,570 Shares held by the subsidiary of CKH under the SFO.

(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	348,440	30/9/2003 – 29/9/2012	1.422
	27/1/2003	775,560	27/1/2004 – 26/1/2013	1.286
	19/1/2004	775,560	19/1/2005 – 18/1/2014	1.568
Chu Kee Hung	30/9/2002	348,440	30/9/2003 – 29/9/2012	1.422
	27/1/2003	775,560	27/1/2004 – 26/1/2013	1.286
	19/1/2004	775,560	19/1/2005 – 18/1/2014	1.568

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 or were otherwise notified to the Company 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	4,258,634,570	44.30%
Gotak Limited	Interest of a controlled corporation	4,258,634,570 (Note i)	44.30%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	4,258,634,570 (Note ii)	44.30%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	4,258,634,570 (Note iii)	44.30%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	4,258,634,570 (Note iii)	44.30%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	4,258,634,570 (Note iii)	44.30%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	4,258,634,570 (Note iv)	44.30%
Trueway International Limited	Beneficial owner	2,119,318,286	22.05%
Li Ka Shing Foundation Limited	Interest of controlled corporations	2,835,759,715 (Note v)	29.50%

(2) Long position of other person in the Shares

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Triluck Assets Limited	Beneficial owner	716,441,429	7.45%

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 DT1 and TDT2 as trustee of DT2 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 DT1 and TDT2 as trustee of DT2 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. As Mr. Li Ka-shing owns 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 and is the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of Shares in which CKH is deemed to be interested as mentioned above under the SFO.
- v. Trueway and Triluck are wholly-owned by Li Ka Shing Foundation Limited (“LKSF”) and LKSF is deemed to be interested in a total of 2,835,759,715 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.

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
AquaTower Pty Ltd	Gotak Investment Limited	49 ordinary shares	49%
Nanjing Green Union Eco-Technology Limited	Nanjing Red Sun Stock Co Ltd	US\$1,064,700 registered capital	35.49%
PT Far East Agritech	PT Angraini Mulia	60,000 ordinary shares	40%
Vitaquest International Holdings LLC	VQ Investments, Inc.	N/A (Note)	19.5% (Note)

Note: Vitaquest International Holdings LLC is a limited liability company established under the laws of the state of Delaware, the United States of America, of which VQ Investments, Inc. holds 19.5% partnership interests.

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 16,487,617 Shares granted to certain continuous contract employees (including the Executive Directors of the Company as disclosed above) 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	2,873,506	30/9/2003 – 29/9/2012 (Note 1)	1.422
27/1/2003	6,305,863	27/1/2004 – 26/1/2013 (Note 2)	1.286
19/1/2004	7,308,248	19/1/2005 – 18/1/2014 (Note 3)	1.568

Notes:

1. The options are exercisable from 30 September 2003 to 29 September 2012 (both days inclusive) subject to the following vesting periods:
 - (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 periods:
 - (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 periods:
- (i) up to 35% of the options commencing on 19 January 2005;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 19 January 2006; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 19 January 2007.

5. COMPETING INTERESTS

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

(1) Core business activities of the Group

- (i) Research and development, manufacturing, commercialization, marketing and selling of environmental and human health products.
- (ii) Investment in various financial and investment products.

(2) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note 2)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director and Deputy Chairman (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Chairman (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director (Note 1)	(ii)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director (Note 1)	(ii)
	Hutchison Whampoa Limited	Executive Director (Note 1)	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director (Note 1)	(i) & (ii)
	Hongkong Electric Holdings Limited	Executive Director	(ii)

Name of Director	Name of Company	Nature of Interest	Competing Business (<i>Note 2</i>)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Deputy Managing Director	(ii)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(i) & (ii)
	TOM Group Limited	Non-executive Director	(ii)
	CATIC International Holdings Limited	Non-executive Director	(ii)
	Excel Technology International Holdings Limited	Non-executive Director	(ii)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(ii)
	Wong Yue-chim, Richard	Great Eagle Holdings Limited	Independent Non-executive Director
	Orient Overseas (International) Limited	Independent Non-executive Director	(ii)
Kwok Eva Lee	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)
Colin Stevens Russel	Cheung Kong Infrastructure Holdings Limited	Independent Non-executive Director	(i) & (ii)
Name of Management Shareholder	Name of Company	Nature of Interest	Competing Business (<i>Note 2</i>)
Li Ka-shing	Cheung Kong (Holdings) Limited	Chairman (<i>Note 1</i>)	(ii)
	Hutchison Whampoa Limited	Chairman (<i>Note 1</i>)	(i) & (ii)

Notes:

1. Apart from holding the directorships, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Kam Hing Lam and/or their respective family members have direct and/or indirect interests in the shares of such companies where appropriate.
2. Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, none of the Directors, the management Shareholders or their respective associates have any interests in a business which competes or may compete, either directly or indirectly, with the businesses of the Group.

6. LITIGATION

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

7. DIRECTORS' INTERESTS IN CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had 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 had any direct or indirect interest in any assets which had 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 were 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 was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

8. 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 2005, the date to which the latest published audited financial statements of the Group were made up.

9. EXPERT AND CONSENT

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

Name	Qualification
CCB International Capital Limited	A licensed corporation under the SFO to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, CCBI did not have any interest 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, CCBI did not have any direct or indirect interest in any assets which have been since 31 December 2005, the date to which the latest published audited account of the Group were made up, acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.

- (d) CCBI has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 18 December 2006 and the references to its name included herein in the form and context in which they respectively appear.

10. 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 weekdays other than public holidays up to and including 2 January 2007:

- (a) memorandum and articles of association of the Company;
- (b) the New Framework Agreement;
- (c) the letter from CCBI, the text of which as set out on pages 13 to 18 of this circular;
- (d) the written consent from CCBI referred to in paragraph 9(d) of this Appendix;
- (e) the written approval given by Gold Rainbow, Trueway and Triluck in relation to the New Framework Agreement dated 24 November 2006; and
- (f) the circular dated 18 April 2006 in relation to, among other things, the very substantial acquisition in respect of the acquisition of 80% of the entire issued common equity capital and 100% of the non-voting senior preferred equity capital of Vitaquest International Holdings LLC.

11. OTHER INFORMATION

- (a) 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 and a Master of Science degree in Finance.
- (b) Mr. Mo Yiu Leung, Jerry is the qualified accountant of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.
- (c) Mr. Yu Ying Choi, Alan Abel is the compliance officer of the Company. He is currently an Executive Director, and the Vice President and Chief Operating Officer of the Company.
- (d) The Company established an audit committee ("Audit Committee") on 26 June 2002 and has formulated its written terms of reference in accordance with the provisions set out in the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company. The existing Audit Committee comprises three Independent Non-executive Directors, namely, Professor Wong Yue-chim, Richard (Chairman of the Audit Committee), Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel, further details of whom are set out below:

WONG Yue-chim, Richard, SBS, JP, aged 54, currently serves as Deputy Vice-Chancellor of The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both The Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 by the Government of Hong Kong for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong is also an Independent Non-executive Director of each of Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Pacific Century Insurance Holdings Limited, Pacific Century Premium Developments Limited, Orient Overseas (International) Limited and Sun Hung Kai Properties Limited. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He was appointed an Independent Non-executive Director of the Group in June 2002 and is the Chairman of the Audit Committee of the Company.

KWOK Eva Lee, aged 64, currently serves as Chair and Chief Executive Officer of Amara International Investment Corporation. Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. and Bank of Montreal. She is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Li Ka Shing (Canada) Foundation. Mrs. Kwok was previously an Independent Director of Shoppers Drug Mart Corporation (*resigned on 16 October 2006*), Air Canada (*resigned on 3 October 2003*) and Telesystems International Wireless (TIW) Inc. (*resigned on 2 December 2003*). Mrs. Kwok was appointed an Independent Non-executive Director of the Group in June 2002 and is a member of the Audit Committee and the Remuneration Committee of the Company.

RUSSEL, Colin Stevens, aged 66, is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organizations on business strategy and planning, market development, competitive positioning and risk management. He was the Canadian Ambassador to Venezuela (*from 2001 through 2002*), Consul General for Canada in Hong Kong (*from 1997 through 2001*), Director for China of the Department of Foreign Affairs, Ottawa (*from 1994 through 1997*), Director for East Asia Trade in Ottawa (*from 1993 through 1994*), Senior Trade Commissioner for Canada in Hong Kong (*from 1990 through 1993*), Director for Japan Trade in Ottawa (*from 1988 through 1990*), and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India (*from 1972 through 1988*). He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries (*from 1962 through 1971*). Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada. Mr. Russel is an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited. He was appointed an Independent Non-executive Director of the Group in January 2005 and is a member of the Audit Committee and the Remuneration Committee of the Company.

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

- (f) The registered office of the Company is situated at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands.
- (g) The head office of the Company is situated at 2 Dai Fu Street, Tai Po Industrial Estate, Tai Po, Hong Kong and the principal place of business of the Company is situated at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (h) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (i) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

* *names translated for reference purpose only.*

This circular (in both English and Chinese versions) (“Circular”) has been posted on the Company’s website at 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.