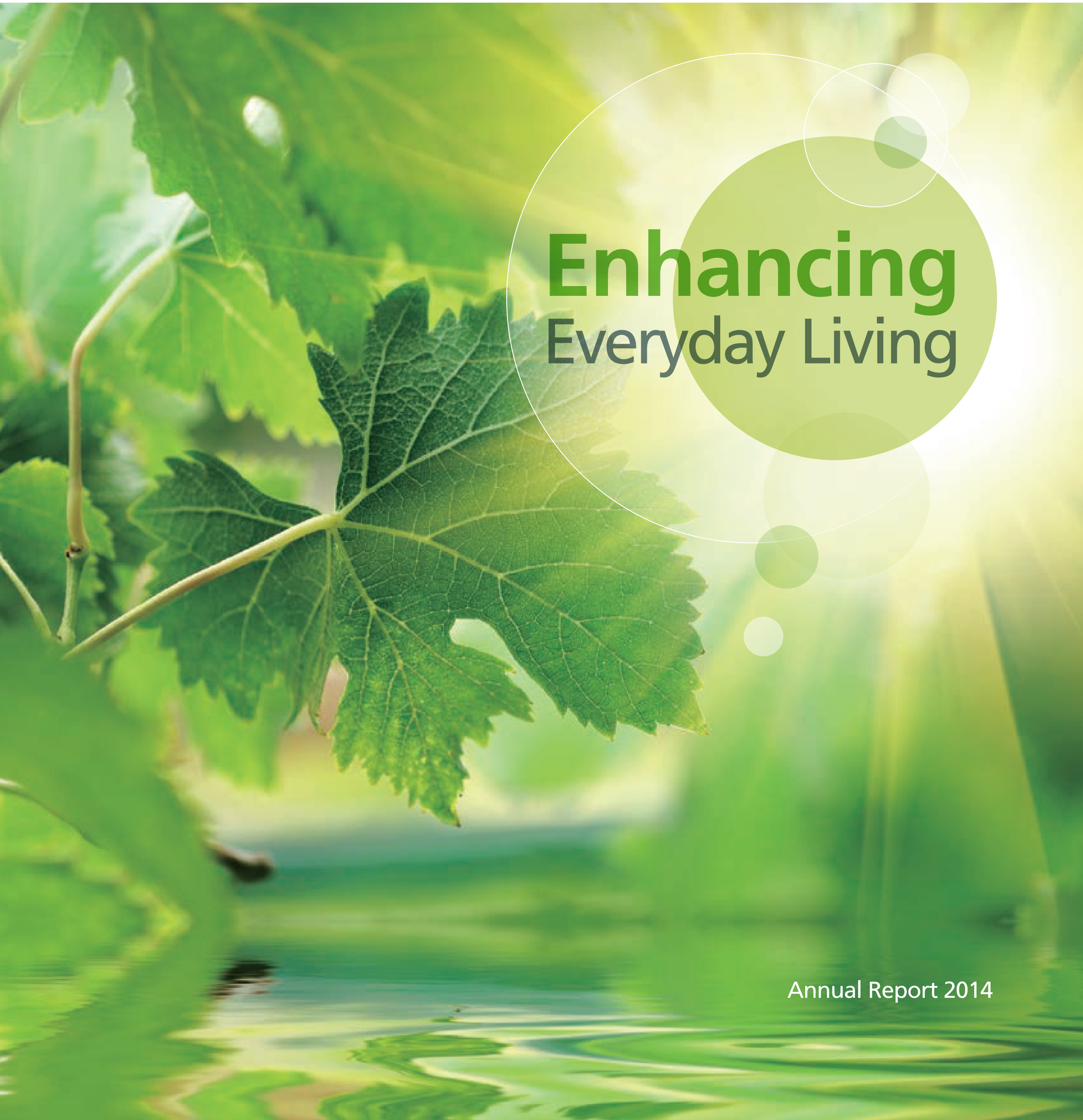
CK Life Sciences Int'l., (Holdings) Inc.
長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0775)



Enhancing Everyday Living

Annual Report 2014

About CK Life Sciences

CK Life Sciences Int'l., (Holdings) Inc. is listed on The Stock Exchange of Hong Kong Limited. Bearing the mission of improving the quality of life, CK Life Sciences is engaged in the business of research and development, commercialisation, marketing and sale of health and agriculture-related products. Products developed by CK Life Sciences are categorised into the areas of human health and environmental sustainability. A number of inventions have been granted patents by the US Patent and Trademark Office. CK Life Sciences is a member of the Cheung Kong Group.

Contents

Chairman's Statement

For the year ended 31 December 2014, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") achieved a turnover of HK$4.95 billion (HK$4.97 billion in 2013), and a profit attributable to shareholders of HK$263.6 million (HK$229 million in 2013).

Compared to 2013, the turnover represents a marginal decrease of less than 1%. Profit attributable to shareholders increased by 15%.

During the year, the lower Australian dollar and Canadian dollar exchange rates against the Hong Kong dollar impacted the turnover and profit recorded. Had the results been reported in local currencies, both the Company's turnover and profit would have reflected a larger growth.

The Board of Directors has recommended a final dividend of HK$0.008 per share for the year ended 31 December 2014 (HK$0.007 per share in 2013), a 14% increase over the previous year. The proposed dividend will be paid on Tuesday, 2 June 2015 following approval at the 2015 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21 May 2015.

AGRICULTURE-RELATED BUSINESS

Agriculture-related business experienced growth in 2014.

Following CK Life Sciences' initial entrance into the vineyard industry in 2011, the Company has built up a portfolio of quality vineyard assets in Australasia. The vineyard portfolio has now become one of CK Life Sciences' core businesses.

In April 2014, CK Life Sciences further extended its agricultural reach through the acquisition of the Mud House Vineyards in New Zealand for NZ$46.4 million (approximately HK$310 million). Similar to other vineyards in the Company's portfolio, the Mud House Vineyards have provided a steady income and recurrent cash flow to the Company.

2014 marked the first full year of profit contribution from Cheetham Salt Limited ("Cheetham"), which was acquired in February 2013. Cheetham is Australasia's largest producer and refiner of salt with a significant market position in Australia and New Zealand. Its salt fields and refineries are spread over about 9,300 hectares of freehold and leasehold land in Australia and New Zealand. Same as the vineyard investments, Cheetham has provided the Company with an immediate cash flow and steady recurring income.

Amgrow Pty Ltd, which serves the home garden, golf and turf, horticulture, broadacre and pest management markets in Australia; and Accensi Pty Ltd, the leading independent toll manufacturer of crop protection products in the country, reported steady performance.

NUTRACEUTICAL BUSINESS

During the year under review, all of CK Life Sciences' nutraceutical businesses earned recognition and support from its customers.

In the United States, Vitaquest International Holdings LLC achieved record sales, delivering a meaningful contribution to the Company.

In Canada, Santé Naturelle A.G. Ltée was chosen by consumers to be the winner of the country's prestigious "Consumer Choice Award" in the health product category for the second year in a row.

In Australia, Lipa Pharmaceuticals Limited was named by Complementary Healthcare Council of Australia as the "Manufacturer of the Year" for a second time.

PHARMACEUTICAL R&D

CK Life Sciences' R&D initiatives progressed well in 2014. During the year, an expenditure of HK$190.8 million of research funding was incurred to support these activities; the expenses of which were reflected in the Consolidated Income Statement for the year under review.

The development on the melanoma vaccine by the Company's United States subsidiary Polynoma LLC continued to make headway. Data from the first part of the adaptive Phase III clinical trial was submitted to the U.S. Food and Drug Administration (FDA), and the first patient in the second part of the Phase III clinical trial was dosed in January 2015.

The development of WEX Pharmaceuticals Inc.'s tetrodotoxin ("TTX")-based pain management product for the treatment of cancer pain in Canada reached a new milestone. Preparations to file a New Drug Submission to Health Canada for marketing approval of TTX have commenced.

In the United States, the first part of a Phase II clinical trial evaluating TTX for chemotherapy-induced neuropathic pain was completed. A meeting has been scheduled with the FDA to discuss the results and the design of a Phase III registration trial in the country.

SUBSEQUENT EVENT

In January 2015, CK Life Sciences further broadened its vineyard portfolio through the acquisition of three of McWilliam's vineyards in Australia for A$15.7 million (approximately HK$100 million).

The portfolio comprises the Hanwood Vineyard in Griffith, New South Wales; and the Station & Kirkgate Vineyards in Coonawarra, South Australia. The new investment has a total land area of about 700 hectares, and a planted area of about 650 hectares.

Following this latest purchase, CK Life Sciences now owns 19 vineyards in Australia and 9 vineyards in New Zealand, the combined area of which is approximately 8,700 hectares.

PROSPECTS

CK Life Sciences has continued to make progress in 2014. Our financial capacity is sound and business operations are good.

We are encouraged by the continued organic growth of our existing businesses which are poised to strengthen our revenue stream and contribute profit for our shareholders.

On the R&D front, the Company is making steady progress towards new milestones. We will continue to deploy adequate funding to support our R&D projects.

Concurrently, the recent acquisitions of high quality assets in the agricultural-related business have expanded the scope of our investment portfolio and enhanced our income flow.

The Company will continue to prudently seek new investments that would strengthen our investment portfolio and propel our growth momentum.

We are optimistic about CK Life Sciences' prospects and are confident of achieving steady growth in the immediate term.

I would like to take this opportunity to thank our shareholders, Board of Directors and staff for their confidence and continued support over the years.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 24 February 2015

Business Review

Agriculture-related Business

CK Life Sciences' agriculture-related business achieved sound performance and solid growth in 2014. The Company further extended its vineyard portfolio through the acquisition of the Mud House Vineyards in New Zealand in 2014 and three McWilliam's vineyards in Australia in 2015.

CK Life Sciences acquired Cheetham and became Australasia's largest producer and refiner of salt.

CHEETHAM SALT

CK Life Sciences expanded into the salt industry in 2013 through the acquisition of Cheetham Salt Limited ("Cheetham"). Total consideration for the transaction was A$150 million (approximately HK$1.2 billion).

With a history dating back to 1888, Cheetham is Australasia's largest producer and refiner of salt with approximately 70% market share in Australia and significant market position in New Zealand via its joint venture interests. It has a production capacity of approximately 800,000 tonnes of crude salt and the ability to convert up to 600,000 tonnes of crude salt into refined salt per year.

Cheetham operates 6 salt fields and 4 refineries in Australia, as well as a salt refinery in neighbouring Indonesia. Via its joint venture investments, Cheetham also operates 1 salt field and 2 refineries in New Zealand, as well as a salt refinery in Perth, Western Australia. Together, Cheetham's salt fields and refineries occupy about 9,300 hectares (approximately 1 billion sq. ft.) of leasehold and freehold land in Australia and New Zealand, of which around 90% is in Australia.

Cheetham produces salt using solar evaporation techniques, whereby brine is collected into shallow ponds in salt fields and allowed to evaporate in the sun. Crude bulk salt is then harvested and refined to meet various specifications depending on the ultimate use.

Cheetham sells its products domestically in Australia, New Zealand and Indonesia, and exports to Japan, Taiwan, South Korea and China. In Australia, Cheetham's salt is mainly used in: i) chlor-alkali processes for the production of chemicals; ii) food manufacturing; iii) ingredient in stockfeed; iv) swimming pool; and v) treatment of hides and skins.

During the year, Cheetham installed an automated packaging system at its largest Australian refinery to increase efficiency, and developed a new customer relationship management strategy.

Cheetham's salt fields and refineries total about 9,300 hectares of leasehold and freehold land in Australia and New Zealand.

Cheetham sells its products domestically in Australia, New Zealand and Indonesia, and exports to Japan, Taiwan, South Korea and China.

VINEYARDS

CK Life Sciences has two vineyard portfolios. It is the second largest vineyard owner in Australasia:

BELVINO PORTFOLIO

CK Life Sciences acquired 72.26% of Challenger Wine Trust ("CWT"), a listed Australian unit trust for A$33.08 million (approximately HK$260 million) in 2011. Subsequent to the acquisition, CWT was de-listed and renamed Belvino Investments Trust ("Belvino"). There are fourteen vineyards and considerable irrigation water entitlements in Belvino's portfolio, covering around 4,800 hectares of land in Australasia.

OTHER VINEYARDS

Vineyards wholly owned by CK Life Sciences are held in companies outside of Belvino. These include the newly acquired Mud House Vineyards; Northbank Millennium Vineyard which was acquired in 2013; 3 vineyards in Margaret River acquired in 2012; and the Qualco West Vineyard purchased in 2011.

The Mud House Vineyards in New Zealand was acquired in April 2014 for NZ$46.4 million (approximately HK$310 million).

The Mud House Vineyards comprises the Woolshed Vineyard in Marlborough; the Mound Vineyard, the Home Vineyard, and the Deans Vineyard in Waipara; as well as the Claim Vineyard in Otago. It has a total land area of about 600 hectares, and a planted area of about 390 hectares. The vineyards are situated in the key wine-growing regions in the South Island of New Zealand and are famous for producing premium wine.

The Mud House Vineyards is currently leased to a global wine company on a long-term tenancy agreement. It is poised to provide CK Life Sciences with an immediate and stable recurrent profit contribution and cash flow.

CK Life Sciences is the second largest vineyard owner in Australasia, owning 19 vineyards in Australia and 9 vineyards in New Zealand.

The 2013-acquired Northbank Millennium Vineyard covers over 175 hectares of land, and has a planted area of about 130 hectares. It is located in Marlborough, New Zealand's largest wine-growing region at the northern part of South Island. Marlborough makes up 77% of the country's total wine production, and is hailed as one of the premium wine regions in the world.

The 3 vineyards in Margaret River comprise the Old Land Vineyard, the Rowe Road Vineyard and the Lionels Vineyard. These vineyards are located in a premium wine-growing region 3 hours south of Perth in Western Australia, and cover total land area of approximately 300 hectares.

The Qualco West Vineyard covers some 500 hectares of land, and is located in the Riverland wine region in South Australia, the country's largest wine grape producing region.

Riding on the growth momentum of the Company, CK Life Sciences further broadened its vineyard portfolio in January 2015 through the acquisition of three McWilliam's vineyards in Australia for A$15.7 million (approximately HK$100 million).

The portfolio is comprised of the Hanwood Vineyard in Griffith, New South Wales; and the Station & Kirkgate Vineyards in Coonawarra, South Australia. It has a total land area of about 700 hectares, and a planted area of about 650 hectares.

Like CK Life Sciences' other vineyards, McWilliam's vineyards are backed by the security of a long term tenancy agreement and are poised to be premier assets which provide an immediate and steady recurrent income for the Company.

AMGROW

Based in Australia, Amgrow Pty Ltd ("Amgrow") serves the country's home garden, golf and turf, horticulture, as well as pest and broadacre markets through four discrete business units: (i) home garden; (ii) agriculture/horticulture; (iii) professional turf; and (iv) pest control.

Amgrow acquired and consolidated Peaty Trading Group ("Peaty") in February 2012. Peaty is a vertically integrated producer, wholesaler and distributor with over 55 years of operating history in plant protection, specialty fertiliser and pest control products.

The acquisition of Peaty has further extended Amgrow's portfolio, making it the largest supplier of products and services in Australia's professional turf management industry, the second largest supplier in Australia's home garden products industry, and Australia's second largest supplier of products and services in the pest management industry.

During the year, Amgrow achieved a good performance and recorded an increase in turnover.

Amgrow has four business units: home garden, agriculture/horticulture, professional turf, and pest control.

In Australia, Amgrow is the largest supplier of products and services in professional turf management industry, the second largest supplier in home garden products industry, and second largest supplier of products and services in the pest management industry.

ACCENSI

Accensi Pty Ltd ("Accensi") is the largest independent toll manufacturer of crop protection products in Australia. It manufactures a wide range of products for both local and multinational companies.

It has production facilities in Western Australia and Queensland, and its clients include both local and multinational companies. Accensi also offers technical formulation development, storage and distribution services to serve its clients' needs.

In 2014, Accensi reported a steady performance. A new manufacturing facility in Victoria to serve the Southern part of the Eastern seaboard is being established to capitalise on the growing sales potential. The new facility is anticipated to commence operation during 2015.

OTHER AGRICULTURAL BUSINESSES

In Mainland China, CK Life Sciences focuses on formulating and manufacturing crop-friendly eco-fertilisers that allow farmers to improve output while at the same time reduce the use of traditional chemical fertilisers.

The Company exports its fertiliser products to the United States, Australia and several countries in Asia.

An increase in volume was recorded during the year, attributable mainly to new market developments in Indonesia.

Accensi is the largest independent toll manufacturer of crop protection products in Australia.

Business Review

Nutraceutical Business

CK Life Sciences has a portfolio of nutraceutical operations that span North America, Australia and Asia. All of these businesses earned recognition and support from its customers during the year.

SANTÉ NATURELLE A.G.

Founded in 1946 by renowned naturopathy expert, Mr. Adrien Gagnon, Santé Naturelle A.G. Ltée ("Santé Naturelle") is one of the oldest and largest natural health companies in Québec, Canada. Offering a range of over 150 products on the market under the brand *Adrien Gagnon*, the company has repeatedly set the bar in Québec for superior health products in terms of value, selection and brand recognition.

Outside of Canada, Santé Naturelle also exports to different markets overseas, including Hong Kong and a number of Middle Eastern countries where growth has been encouraging.

In 2014, Santé Naturelle was chosen by consumers to be the winner of Canada's prestigious "Consumer Choice Award" in the health product category for the second year in a row.

Santé Naturelle is one of the oldest and largest natural health companies in Québec, Canada.

Santé Naturelle offers a range of products under the brand *Adrien Gagnon*.

VITAQUEST

Vitaquest International Holdings LLC ("Vitaquest") is a leading custom contract nutraceutical manufacturer in the United States. It develops and produces quality health supplements for prominent clients in multi-level marketing and nutritional product distribution. The product formats manufactured by Vitaquest include tablets, capsules, powders, pouches, liquids, creams and lotion. It is able to offer multiple packaging options ranging from bottles and canisters to vials and blister packs.

In addition to manufacturing services, Vitaquest also offers customers value-added services and complete turnkey solutions, including product concept development, formulation, label design, packaging and regulatory compliance support.

During the year, Vitaquest achieved record sales, delivering a meaningful contribution to the Company.

Vitaquest is a leading custom contract nutraceutical manufacturer in the United States.

LIPA

Supplying over 30% of the Australian market, Lipa Pharmaceuticals Limited ("Lipa") is Australia's largest contract manufacturer of complementary healthcare medicines, vitamins and nutritional supplements. In addition, it also manufactures a range of non-sterile prescription and over-the-counter medicines.

Lipa's customers cover most leading brands of nutritional supplements for sale in Australia, New Zealand and a number of selected Asian markets.

The company embraces the highest standards of testing, manufacturing, cleanliness and efficiency. It upholds its market position by building on its core values of exceptional quality, customer service and client satisfaction.

In 2014, Lipa was named by Complementary Healthcare Council of Australia as the "Manufacturer of the Year" for a second time as a result of its outstanding performance.

Lipa is Australia's largest contract manufacturer of complementary healthcare medicines, vitamins and nutritional supplements.

Lipa supplies products to over 30% of the Australian nutraceutical market.

Pharmaceutical Business

CK Life Sciences' pharmaceutical operations focus primarily on cancer and cancer-related conditions. Research on the melanoma vaccine by Polynoma continued to make headway. Data from the first part of its adaptive Phase III clinical trial was submitted to the U.S. Food & Drug Administration (FDA) in 2014, and the second part of the clinical trial has commenced in 2015. The first part of WEX Pharma's Phase II clinical trial in the United States of its tetrodotoxin for chemotherapy induced neuropathic pain was completed in 2014. Data analysis for the Phase III TTX clinical trial in Canada for cancer-related pain was completed in 2014 and preparations to file a New Drug Submission to Health Canada for marketing approval of TTX have commenced.

POLYNOMA

Based in the United States, Polynoma LLC ("Polynoma") is an oncology-focused subsidiary of CK Life Sciences. It is currently developing a therapeutic vaccine for the treatment of melanoma. Using a combination of antigens from three proprietary melanoma cell lines, the vaccine is intended to stimulate the body's immune system to fight skin cancer.

Safety and immunological data from the first part of Polynoma's adaptive Phase III clinical trial was submitted to the FDA in the second half of 2014, and the FDA has agreed on the dose selected for the second part of the trial. The first patient in the second part of the Phase III clinical trial was dosed in January 2015.

Polynoma, an oncology-focused subsidiary of CK Life Sciences, is currently developing a therapeutic vaccine for the treatment of melanoma.

WEX Pharma's TTX-based product is being developed to provide relief for various chronic pain conditions.

WEX Pharma focuses on developing innovative drug products to treat pain.

WEX PHARMACEUTICALS

WEX Pharmaceuticals Inc. ("WEX Pharma") is a Vancouver-based, wholly-owned subsidiary of CK Life Sciences focused on developing innovative drug products to treat pain. WEX Pharma's lead product based on tetrodotoxin ("TTX"), a naturally-occurring sodium channel blocking compound found primarily in puffer fish, is being developed to provide relief for various chronic pain conditions.

In 2014, data analysis of the Phase III clinical trial in Canada of TTX for the treatment of cancer pain was completed. Preparations to file a New Drug Submission to Health Canada for marketing approval of TTX have commenced.

In the United States, the first part of a Phase II clinical trial evaluating TTX for chemotherapy-induced neuropathic pain was completed in 2014. A meeting has been scheduled with the FDA in March 2015 to discuss the results and the design of a Phase III registration trial.

Long Term Development Strategy

CK Life Sciences is an international life sciences company that is dedicated to enhancing the quality of life through improving human health and the environment in which we live.

The Company's business currently involves the research and development, commercialisation, marketing, and sale of products which fall into three core categories – nutraceuticals, pharmaceuticals and agriculture-related. Its operations span Asia, Australasia, and North America.

To maximise the potential of its businesses, CK Life Sciences will continue to pursue its three-pronged strategy for on-going development:

(1) Facilitate Organic Growth

To nurture organic growth from its existing portfolio, CK Life Sciences strives to increase its operating efficiencies, and broaden its sales as well as manufacturing capabilities. The Company also endeavours to extend its product range, penetrate further into its existing markets, and expand its geographical coverage so as to enhance its pace of expansion.

(2) Continue Acquisition Efforts

Based upon a solid financial foundation, CK Life Sciences will continue to seek new investment opportunities around the world. The Company targets quality mature businesses that offer stable income, immediate returns, and recurring cashflow. In considering potential acquisitions, projects that offer synergies with existing operations are preferred.

(3) Intensify Pace of Research and Commercialisation of Products

CK Life Sciences will aggressively accelerate the pace of development and commercialisation of its pharmaceutical products to bring more effective health solutions to the community.

Financial Summary

	Year ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated results summary					
Turnover	2,694,204	3,511,563	4,545,022	4,970,927	**4,954,043**
Profit attributable to shareholders of the Company	208,551	125,826	176,331	229,008	**263,558**

	As at 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated statement of financial position summary					
Non-current assets	5,213,752	6,624,522	6,870,090	7,332,998	**7,297,108**
Current assets	2,174,775	2,185,713	2,429,873	2,886,780	**3,000,242**
Current liabilities	(1,702,067)	(922,279)	(1,178,104)	(2,215,741)	**(1,142,482)**
Non-current liabilities	(64,007)	(2,255,398)	(2,398,161)	(2,803,742)	**(4,279,899)**
Total net assets	5,622,453	5,632,558	5,723,698	5,200,295	**4,874,969**
Equity attributable to shareholders of the Company	5,511,526	5,368,759	5,463,812	4,976,937	**4,662,648**
Non-controlling interests of subsidiaries	110,927	263,799	259,886	223,358	**212,321**
Total equity	5,622,453	5,632,558	5,723,698	5,200,295	**4,874,969**

Financial Review

FINANCIAL RESOURCES, LIQUIDITY AND TREASURY POLICIES

In 2014, the financial and liquidity position of the Group continued to be sound and healthy. It obtained its finances mainly from internal sources such as cash generated from business activities as well as other sources such as borrowings from banks and major shareholders.

The financing from banks and major shareholders was mainly for the purpose of acquiring the Group's overseas businesses as well as providing general working capital for some of the overseas businesses. As at 31 December 2014, the total borrowings from banks and major shareholders amounted to HK$3,000.5 million and HK$1,356.0 million, respectively. Most of these borrowings were principally on a floating interest rate basis and were granted based on the guarantees of and/or some committed terms by the Company. Other than such guarantees/commitments, as at 31 December 2014, certain assets of the Group's overseas subsidiaries with carrying value of HK$1,365.7 million were pledged as part of the security for bank borrowings totalling HK645.3 million. The total finance costs of the Group for the year were HK$109.6 million.

At the end of 2014, the total assets of the Group were about HK$10,297.4 million, of which bank balances and time deposits were about HK$979.2 million and treasury investments were about HK$374.6 million. The bank interest generated for the year was HK$7.0 million. The total gain arising from the Group's investment segment for the year was HK$24.8 million.

The total net assets of the Group as at 31 December 2014 were HK$4,875.0 million, representing HK$0.51 per share. The net debt to net total capital ratio of the Group as at 31 December 2014 was approximately 40.93%, which is calculated as the Group's net borrowings over the aggregate of the Group's total equity and net borrowings. For this purpose, the Group defines net borrowings as total borrowings (including bank borrowings, finance lease obligations and other borrowings) less cash, bank balances and time deposits.

The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to interest rates fluctuation. It would monitor its overall net debt position closely, review its funding costs and maturity profile regularly and take necessary actions to facilitate refinancing whenever appropriate.

MATERIAL ACQUISITIONS/DISPOSALS AND SIGNIFICANT INVESTMENTS

In April 2014, the Group completed the acquisition of the Mud House Vineyards in New Zealand at a cash consideration of approximately HK$310 million.

Except for the above acquisition and the disposal of AquaTower Pty Ltd as detailed in note 39 to the consolidated financial statements of this annual report, there was no material acquisition/disposal during the year under review.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK$190.8 million in 2014.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 31 December 2014, the total capital commitments by the Group amounted to HK$48.2 million which were mainly made up of contracted commitments in respect of the acquisition of plant and equipment, and maintenance of vineyards.

INFORMATION ON EMPLOYEES

The total number of full-time employees of the Group was 1,675 as at 31 December 2014, and is 56 more than the total headcount of 1,619 as at 31 December 2013. The total staff costs, including directors' emoluments, amounted to approximately HK$908.2 million for the year under review, which represents a decrease of 1% as compared to the previous year.

The Group's remuneration policies and fringe benefits remained basically the same as before. The Group would ensure the pay levels of its employees are competitive and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2014 (2013: Nil).

Directors and Key Personnel

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor, aged 50, has been the Chairman of the Company since 2002. He has been a member of the Remuneration Committee of the Company since March 2005. He is the Managing Director, Deputy Chairman and the Chairman of Executive Committee of CK Hutchison Holdings Limited ("CK Hutchison") (a company listed on The Stock Exchange of Hong Kong Limited ("SEHK") since 18 March 2015) and the Managing Director and Deputy Chairman of Cheung Kong Property Holdings Limited ("CK Property"). He is also the Managing Director, Deputy Chairman and the Chairman of Executive Committee of Cheung Kong (Holdings) Limited ("CKH") (whose listing status on the SEHK was replaced by CK Hutchison on 18 March 2015). He is also the Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited, a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for CK Property, CKH and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He was previously a member of the Council for Sustainable Development of the HKSAR. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, the President and Chief Executive Officer of the Company. Mr. Victor Li is also a director of certain companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 68, is the President and Chief Executive Officer of the Company responsible for overall strategic direction and key operating decisions. He has been instrumental in the formation of the Group. He has been with the Group since its establishment in December 1999 and has played a leading role in developing the Group's corporate direction and strategic vision, and in guiding the Group in pursuit of its corporate business and operational objectives. Mr. Kam is Deputy Managing Director and Member of Executive Committee of CK Hutchison Holdings Limited (a company listed on the SEHK since 18 March 2015) and Deputy Managing Director of Cheung Kong Property Holdings Limited. He is also the Deputy Managing Director and Member of Executive Committee of Cheung Kong (Holdings) Limited (whose listing status on the SEHK was replaced by CK Hutchison on 18 March 2015). He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, and an Executive Director of Hutchison Whampoa Limited. Except for CK Property and CKH, all the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong and a Director of Australian Gas Networks Limited (formerly known as Envestra Limited, whose shares were withdrawn from listing on 17 October 2014). He is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by a substantial shareholder of the Company.

IP Tak Chuen, Edmond, aged 62, is the Senior Vice President and Chief Investment Officer of the Company responsible for the investment activities of the Group. He joined the Cheung Kong Group in 1993 and the Group in December 1999. He is Deputy Managing Director and Member of Executive Committee of CK Hutchison Holdings Limited (a company listed on the SEHK since 18 March 2015) and Deputy Managing Director of Cheung Kong Property Holdings Limited. He is also the Deputy Managing Director and Member of Executive Committee of Cheung Kong (Holdings) Limited (whose listing status on the SEHK was replaced by CK Hutchison on 18 March 2015). In addition, he is an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and a Non-executive Director of ARA Asset Management Limited, TOM Group Limited, AVIC International Holding (HK) Limited, Real Nutriceutical Group Limited and Shougang Concord International Enterprises Company Limited. Except for CK Property and CKH, all the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust which is listed in Hong Kong and Singapore, and a Non-executive Director of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is also a director of certain companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

YU Ying Choi, Alan Abel, aged 59, is the Vice President and Chief Operating Officer of the Company responsible for the commercial activities of the Group, including manufacturing and marketing of all product applications. He holds a Bachelor of Arts degree and a Master's degree in Business Administration. Mr. Yu has held a number of positions in multinational corporations, including Standard Chartered Bank, Dairy Farm and American Express, in Hong Kong and overseas. Prior to joining the Group in January 2000, he was a Worldwide Vice President with Johnson & Johnson.

CHU Kee Hung, aged 70, is the Vice President and Chief Scientific Officer of the Company responsible for the technology and product development activities of the Group. He holds a Bachelor of Science from The Chinese University of Hong Kong, a Master of Science degree and a Doctor of Philosophy degree both from The University of California at Berkeley. He began working for the Group in January 2001. Prior to joining the Group, he has held a variety of senior positions in major corporations such as General Electric and the Cheung Kong Group, and has over 21 years' experience in technology project management in the United States, Mainland China and Hong Kong.

TULLOCH, Peter Peace, aged 71, serves as the Chairman and Non-executive Director of each of Victoria Power Networks Pty Ltd and SA Power Networks. He is also Chairman and a Non-executive Director of both Powercor Australia Limited and CitiPower Pty. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia. He was appointed a Non-executive Director of the Company in April 2002.

WONG Yue-chim, Richard, SBS, JP, aged 62, is Professor of Economics and Philip Wong Kennedy Wong Professor in Political Economy at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong is also an Independent Non-executive Director of each of Great Eagle Holdings Limited, Pacific Century Premium Developments Limited, Orient Overseas (International) Limited and Sun Hung Kai Properties Limited. All the companies mentioned above are listed companies. Professor Wong is also an Independent Non-executive Director of The Link Management Limited, the manager of The Link Real Estate Investment Trust which is listed in Hong Kong. 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 Company in June 2002 and is the Chairman of the Audit Committee of the Company.

KWOK Eva Lee, aged 72, currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc., an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc. and the Audit Committee of Cheung Kong Infrastructure Holdings Limited. Except for Amara and LKS Canada Foundation, all the companies mentioned above are listed companies. She also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan. Mrs. Kwok was appointed an Independent Non-executive Director of the Company in June 2002. She is a member of the Audit Committee and the Remuneration Committee of the Company, and has been appointed as the Chairman of the Remuneration Committee of the Company on 1 January 2012.

RUSSEL, Colin Stevens, aged 74, is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. Mr. Russel is also Managing Director of EMAS (HK) Limited. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, ARA Asset Management Limited and Husky Energy Inc., all being listed companies. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. 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. Mr. Russel received his Bachelor's degree in Electronic Engineering and his Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator. Mr. Russel was appointed an Independent Non-executive Director of the Company in January 2005 and is a member of the Audit Committee and the Remuneration Committee of the Company.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHEN Lucas, aged 54, is Agribusiness Director of the Company. He holds a Master of Science degree in Business Administration from The University of British Columbia, Canada, and a Bachelor of Science degree in Engineering from Shanghai Jiao Tong University, China. He has over 20 years of experience in the engineering, investment and agriculture fields. Prior to joining the Company in June 2000, he was General Manager of Shanghai YongSun Modern Agriculture Development Company, a Chinese joint venture company.

HO Wai Man, Bonita, aged 49, is Business Development Director of the Company. She holds a Master of Business Administration degree from Richard Ivey School of Business, The University of Western Ontario, Canada, and a Bachelor of Commerce degree in Accounting from The University of Birmingham, UK. She is also a Chartered Financial Analyst of the CFA Institute. Ms. Ho has 20 years of experience in corporate finance in both Hong Kong and Canada. She has worked in a number of multinational corporations, including Midland Walwyn Capital (now known as Merrill Lynch Canada), Bankers Trust (now known as Deutsche Bank) and Hong Kong Exchanges and Clearing Ltd. Prior to joining the Company in February 2004, she was Associate Director of the Hong Kong Branch of Rabobank.

HON King Sang, Dennis, aged 60, is Legal Counsel of the Company and has been with the Company since June 2002. He holds a Master of Laws degree from the University of London, UK, and a Master of Science degree in Electronic Commerce and Internet Computing from The University of Hong Kong. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of Judicature in England and Wales. He has over 30 years of legal experience and has held a number of senior positions in various major corporations, including Jardine Matheson and CEF Holdings Ltd.

LAU Ka Chun, John, aged 56, is Finance Director of the Company. Mr. Lau holds a Master of Business Administration degree from Richard Ivey School of Business, The University of Western Ontario, and a Bachelor of Arts degree from the University of Toronto, Canada. He is a member of the American Institute of Certified Public Accountants, and The Institute of Certified Management Accountants, USA. Mr. Lau has over 25 years of experience in operational finance in Hong Kong, Singapore, USA and Mainland China. He has held a number of management positions in multinational corporations, including General Electric, Applied Materials, Rockwell Automation, and WesTrac China. Prior to joining the Company in March 2012, Mr. Lau was Deputy Chief Financial Officer, Asia Pacific of DTZ.

LEE Mai Kuen, Jane, aged 55, is Chief Manager, Personnel & Administration, of the Company. She joined the Company in March 2002 and has been with the Cheung Kong Group since December 1995. She holds a Master of Science degree in Training and Human Resource Management from the University of Leicester, UK. She has over 30 years of experience in human resource management gained from working for the Cheung Kong Group and from multinational research-based pharmaceutical corporations including Glaxo (now known as GlaxoSmithKline) and Schering-Plough (now known as Merck).

LIN Jian-er, aged 59, is Director, Product Development, of the Company. He holds a Doctor of Philosophy degree in Chemical Engineering from the University of Michigan, USA, and has over 25 years of experience in the research and development of biochemical/chemical processes and products. Dr. Lin has extensive experience in biotechnology and process optimisation, as well as scale-up and validation for agricultural, environmental, pharmaceutical and household products. He has held a number of senior positions in leading corporations in the USA including Celgene Corporation, Technical Resources Inc., and Sybron Biochemicals (now known as Novozymes Biologicals). Prior to joining the Company in December 2003, he was Director, Process Development & Product Scale-Up of AgraQuest Inc, USA.

MO Yiu Leung, Jerry, aged 55, is Vice President, Finance, and is responsible for all finance and IT functions of the Company. Mr. Mo holds a Bachelor of Science degree in Accounting and Data Processing from the University of Leeds, UK. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and an Associate of The Institute of Chartered Accountants in Australia, and The Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in financial management, accounting and auditing in the manufacturing sector. He has held a number of senior management positions in major corporations including Peak International, Pacific Dunlop (Australia) and Price Waterhouse (now known as PricewaterhouseCoopers) UK & Hong Kong. Prior to joining the Company in October 2005, Mr. Mo was Chief Financial Officer of Fong's Industries Company Limited.

TOH Kean Meng, Melvin, aged 48, is Vice President, Pharmaceutical Development, of the Company. Dr. Toh has an MBBS medical degree from the National University of Singapore and is registered with the Singapore Medical Council and the General Medical Council, UK. He also holds a Master of Science degree in Epidemiology from the University of London, UK. Dr. Toh has over 20 years of experience in clinical medicine and pharmaceutical research and development, and has held various management and scientific positions in Asia and the USA. Prior to joining the Company in January 2008, he was Director of Clinical Pharmacology in Oncology Development at Pfizer Global R&D, USA, where he headed a team of scientists who were working on the clinical development of new cancer drugs. In his last role in Singapore prior to relocating to the USA, he was Head and Medical Director of the Pfizer Clinical Research Unit at the Singapore General Hospital.

TONG BARNES Wai Che, Wendy, aged 54, is Chief Corporate Affairs Officer and is responsible for the overall corporate activities of the Company, including public relations and corporate communications. She is also the Chief Corporate Affairs Officer of Cheung Kong (Holdings) Limited and Cheung Kong Infrastructure Holdings Limited, as well as the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. Mrs. Barnes is also a board member of The Community Chest of Hong Kong. She holds a Bachelor of Business Administration degree from The University of Hawaii at Manoa, USA and has had experience in a number of industries, including hotel, property, telecommunications, media, infrastructure, retail and energy. She has held a number of senior positions with major corporations including Wharf Holdings Ltd., Hong Kong Cable Communications Ltd. and Mass Transit Railway Corporation (now known as MTR Corporation Limited). Prior to joining the Cheung Kong Group, she was the Managing Director of Bozell Tong Barnes PR. Mrs. Barnes joined the Company in January 2002.

WONG Kit Ying, Katherine, aged 44, is General Manager, Vital Care Hong Kong Ltd. She holds a Master of Arts degree in International Business Management from the City University of Hong Kong, as well as a Bachelor of Chinese Medicine and a Bachelor of Social Sciences degree in China Studies both from the Hong Kong Baptist University. She has over 20 years of sales and marketing experience in the consumer product industry, covering the food, beverage, personal care and toy industries. She was Brand Manager of the Company from August 2006 to July 2007. Rejoining the Company in February 2008 as Marketing Manager, Ms. Wong was appointed General Manager of Vital Care Hong Kong Ltd. in January 2009. Prior to joining the Company, she was Marketing Manager for Greater China at LEGO, a multinational toy manufacturing company.

YAN Wai Yin, aged 45, is Internal Audit Manager of the Company. She holds a Master of Business Administration degree from The University of Manchester, UK, and a Bachelor of Arts degree in Accountancy from The Hong Kong Polytechnic University. In addition to being recognised as a Certified Internal Auditor, Ms. Yan was also awarded the Certification in Risk Management Assurance by The Institute of Internal Auditors. She is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a Fellow of The Association of Chartered Certified Accountants. Ms. Yan has over 15 years of experience in auditing and finance. She has worked with Ernst & Young and various listed corporations in industries including book publishing, electronics and telecommunications. Prior to joining the Company in April 2010, she was Senior Manager, Internal Audit, of Midland Holdings Ltd., a leading listed real estate agency.

YEUNG, Eirene, aged 54, the Company Secretary, has been with the Cheung Kong Group since August 1994 and she joined the Company in January 2002. Ms. Yeung is a Member of the Executive Committee, General Manager, Company Secretarial Department and the Company Secretary of CK Hutchison Holdings Limited (a company listed on the SEHK since 18 March 2015). She is also the Company Secretary of Cheung Kong Property Holdings Limited and a Member of the Executive Committee and the Company Secretary of Cheung Kong (Holdings) Limited (whose listing status on the SEHK was replaced by CK Hutchison on 18 March 2015). She is also the Company Secretary of Cheung Kong Infrastructure Holdings Limited; and a Non-executive Director of ARA Asset Management (Fortune) Limited. She is also the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

OVERSEAS

CORBETT, Dean, aged 52, is Chief Executive Officer of Accensi Pty Ltd and is responsible for the Company's crop protection business in Australia. He is a Fellow of the Australian Institute of Company Directors and has successfully completed their Graduates Course. Mr. Corbett has over 25 years of experience in the crop protection industry, most of which was spent at Accensi Pty Ltd (formerly A&C Chemicals Pty Ltd), where he was promoted to CEO in 2007. Mr. Corbett is an active member of a number of industry bodies, serving as director on the boards of AgStewardship Australia and CropLife Australia.

FRANKEL, Keith, aged 50, is Chief Executive Officer and Director of Vitaquest International LLC. Mr. Frankel is responsible for the Company's health supplements contract manufacturing operations in the USA. He graduated from the American University, USA, with a Bachelor's degree in Marketing. Prior to the acquisition of Vitaquest International by the Company, Mr. Frankel had served as President and CEO of Vitaquest since 1996 as well as Vice President of Marketing and Sales since 1986. A pioneer in direct marketing and electronic media, Mr. Frankel developed and directed substantial sales through a variety of distribution channels, including electronic retailing, infomercials and direct to consumer marketing. Mr. Frankel has received numerous commendations in his service to the direct selling, sports nutrition and electronic retailing industries.

GILL, Nick, aged 52, is Chief Executive Officer of Belvino Investments Pty Ltd. and is responsible for both Belvino's and the Company's directly owned vineyard investments and operations in Australia and New Zealand. He has been responsible for the vineyard investments since November 2006, when Belvino was still called the Challenger Wine Trust. He holds a Master's degree in Business Administration and a Bachelor's degree in Agricultural Economics. He is a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. Mr. Gill has extensive executive management experience in corporate agriculture gained from working for some of Australia's largest owners of agricultural land and irrigation water. He has previously worked for Macquarie Bank, SunRice, Twynam Agricultural Group and Colly Cotton.

KORZ, Walter, aged 56, is Vice President, General Manager of WEX Pharmaceuticals Inc. Mr. Korz joined WEX in November 2010. He has over 25 years of experience in the biotech sector, having worked for a number of emerging and established companies. Mr. Korz brings with him a broad drug development background with experience in business development, finance, clinical development, regulatory affairs, and project outsourcing. He previously served as CEO of Chemokine Therapeutics Corp. and as Clinical Development Manager with Angiotech Pharmaceuticals, Inc. where he was responsible for early to late stage systemic therapy programs. Mr. Korz has also worked at AltaRex Corp. and Biomira, where he was responsible for the development of therapeutic products. Mr. Korz was educated at the University of Alberta, the Southern Alberta Institute of Technology, and the University of Saskatchewan. He obtained his MBA from the Athabasca University.

MALLON, Patrick, aged 54, is Chief Operating Officer of Polynoma LLC. Mr. Mallon is responsible for the management of preclinical, clinical development and operations, regulatory affairs, CMC/manufacturing, commercial development and quality functions of the Company. He joined Polynoma in 2011. Mr. Mallon holds a Bachelor's degree in Medical Technology from The University of Arizona, USA. He has extensive senior and C-level executive experience in the pharmaceutical, medical device and life sciences industries with expertise in product design, development and commercialisation of new, cutting-edge technologies, products and services. He has a successful track record in building organisations in both start-up and Fortune 500 companies.

OPACIC, Bob, aged 59, is Chief Executive Officer of Amgrow Pty Ltd. and is responsible for the Company's operations which serve the agriculture, horticulture, golf and turf, and home garden markets in Australia. A Master of Business Administration graduate, Mr. Opacic holds a Postgraduate Diploma in Finance and a Diploma in Accounting. He is also an associate of The Institute of Chartered Secretaries and Administrators. In 1996, Mr. Opacic was appointed General Manager of Envirogreen Pty Ltd., one of Amgrow Pty Ltd's constituent companies which was a joint venture between Brambles and CSR. He has extensive experience in all facets of the manufacturing and distribution industries, having previously spent over 20 years with Ashland Inc. in various posts around the world.

PEJNOVIC, Dusko, aged 55, is Chief Executive Officer of Lipa Pharmaceuticals Ltd. and is responsible for the Company's health supplements and OTC pharmaceuticals operations in Australia. He joined Lipa in June 2006 and took over the role of Chief Executive Officer in August 2007 prior to the acquisition of Lipa by the Company in November 2007. He holds a Master's degree in Business Administration and a Bachelor's degree in Chemistry. He is a Fellow of the Australian Institute of Management and a Board Member of the Complementary Health Care Council of Australia. Mr. Pejnovic has extensive senior executive management experience gained from working for various large and medium-sized, local and multinational corporations engaged in a diverse range of businesses, including pharmaceuticals, foods, confectionery, industrial FMCG, and B2B services.

ROY, Daniel, aged 44, is General Manager of Santé Naturelle Adrien Gagnon Ltd. and is responsible for the Company's health supplements operation in Canada. He joined Santé Naturelle Adrien Gagnon Ltd. in November 2012. Mr. Roy holds a Master's degree in Industrial Engineering and a Bachelor's degree in Administration. He has extensive executive management experience gained from working for over 15 years in the cosmetics industry.

SPEED, Andrew, aged 41, is Chief Executive Officer of Cheetham Salt Limited. He was appointed National Sales & Marketing Manager for Cheetham Salt in July 2007, and was appointed Chief Executive Officer in June 2008. Prior to joining Cheetham Salt, Mr. Speed worked for Orica Ltd. in a range of National Sales and Product Management roles. He holds a Master's degree in Business Administration and a Bachelor's degree in Science. He has extensive experience in the food, pharmaceutical, personal care and industrial sectors.

TONG, Victor, aged 64, is Chief Financial Officer of CK Life Sciences (North America) Inc., and Executive Vice President of Vitaquest International LLC. He oversees the accounting, financial reporting and financial management functions of the Company's North American subsidiaries and associate companies. Mr. Tong holds a Master of Business Administration degree from the York University, Canada, and a Bachelor of Business Administration degree from the University of Wisconsin, USA. He was a lecturer at the York University's M.B.A. program, and has been qualified as a professional accountant in the province of Ontario, Canada. Prior to joining the Company, Mr. Tong spent over 18 years in investment banking in Canada, working with global firms such as BMO Nesbitt Burns, HSBC and Deloitte. His areas of specialisation are corporate finance as well as mergers and acquisitions.

Report of the Directors

The Directors have pleasure in presenting to shareholders their annual report together with the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the activities of its subsidiaries are research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products as well as investment in various financial and investment products.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 52.

The Directors recommend the payment of a final dividend of HK$0.008 per share which represents the total dividend for the year.

FIXED ASSETS

Movements in fixed assets of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in note 31 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 56.

GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last five years are summarised on page 25.

DIRECTORS

The Directors of the Company in office at the date of this report are listed on page 174 and their biographical information is set out on pages 28 to 30.

In accordance with the Company's Articles of Association, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Kam Hing Lam, Mr. Peter Peace Tulloch, Professor Wong Yue-chim, Richard and Mrs. Kwok Eva Lee will retire from office. Professor Wong Yue-chim, Richard will not offer himself for re-election at the forthcoming annual general meeting whereas the other three retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("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 for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares of the Company

		Number of Ordinary Shares					
Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
Li Tzar Kuoi, Victor	Beneficial owner, interest of controlled corporations & beneficiary of trusts	2,250,000	–	2,835,759,715 (Note 2)	4,355,634,570 (Note 1)	7,193,644,285	74.84%
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%

Notes:

1. Such 4,355,634,570 shares are held by a subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong Holdings"). Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT1 as trustee of the LKS Unity Trust ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong Holdings. Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("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.

Notes (Cont'd):

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong Holdings by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong Holdings independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a Director of Cheung Kong Holdings, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of Cheung Kong Holdings held by TUT1 as trustee of the LKS Unity Trust and TUT1 related companies and those 4,355,634,570 shares held by the subsidiary of Cheung Kong Holdings under the SFO as a Director of the Company.

2. Such 2,835,759,715 shares are held by two subsidiaries of Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF.

As at 31 December 2014, by virtue of his deemed interest in the share capital of the Company as described above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO, in addition to any separate interest held by him in the Company and its subsidiaries and associated companies. A waiver from compliance with the disclosure requirement under paragraph 13(1) of Appendix 16 to the Listing Rules in respect of the above-mentioned deemed interests of Mr. Li Tzar Kuoi, Victor to be disclosed in this annual report, on the ground that compliance with such paragraph would result in particulars being given which were not material in the context of the Group and were of excessive length, had been obtained from the Stock Exchange.

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

Pursuant to the share option scheme adopted by the Company on 26 June 2002 and revised on 16 March 2009 ("Scheme"), certain Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for shares of the Company, details of which as at 31 December 2014 were as follows:

		Number of share options						
Name of Director	Date of grant	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2014	Option period	Subscription price per share HK$
Yu Ying Choi, Alan Abel	19/1/2004	775,560	–	–	(775,560)	–	19/1/2005 – 18/1/2014	1.568
Chu Kee Hung	19/1/2004	775,560	–	–	(775,560)	–	19/1/2005 – 18/1/2014	1.568

Save as disclosed above, during the year ended 31 December 2014, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2014, 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.

SHARE OPTION SCHEME

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

(1) Summary of the Scheme

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the people and the parties working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group.

(b) Participants of the Scheme

Pursuant to the Scheme, the Company may grant share options to (i) employees of the Company (whether full-time or part-time) or any of its subsidiaries or associated companies; (ii) Directors (whether Executive Directors, Non-executive Directors or Independent Non-executive Directors) of the Company or any of its subsidiaries or associated companies; (iii) suppliers of goods and/or services to the Company or any of its subsidiaries or associated companies; and (iv) biotechnological, scientific, technical, financial and legal professional advisers engaged by the Company or any of its subsidiaries or associated companies.

(c) Total number of shares available for issue under the Scheme

Pursuant to the letter issued by the Stock Exchange on 15 July 2002, the total number of shares of the Company available for issue upon exercise of the options which may be granted pursuant to the Scheme and any other share option schemes of the Company is 640,700,000 shares, being approximately 6.7% of the total number of shares of the Company in issue as at the date of this annual report and the same must not exceed 30% of the total number of shares of the Company in issue from time to time pursuant to the Scheme.

(d) Maximum entitlement of each participant

The maximum number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted pursuant to the Scheme and any other share option schemes of the Company to each participant in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of shares of the Company in issue.

(e) Time of exercise of options

An option may be exercised in accordance with the terms of the Scheme at any time during a period of not more than ten years to be notified by the Board of Directors of the Company ("Board") to each participant which period of time shall commence on the date on which an offer of the grant of an option is accepted or deemed to have been accepted in accordance with the Scheme and expire on the last day of such period as determined by the Board. There is no minimum period for which an option must be held before it can be exercised.

(f) Payment on acceptance of option offer

HK$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant and received by the Company within 14 days from the offer date or within such other period of time as may be determined by the Board pursuant to the Listing Rules.

(g) Basis of determining the subscription price

The subscription price per share of the Company under the Scheme is a price determined by the Board and notified to each participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer, which must be a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities (a "Trading Day"), (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive Trading Days immediately preceding the date of offer, and (iii) the nominal value of a share of the Company.

(h) Remaining life of the Scheme

The Scheme expired on 25 June 2012 after which no further options have been granted but in respect of all options which remain exercisable on such date, the provisions of the Scheme shall remain in full force and effect.

The other principal terms of the Scheme are set out in the Company's prospectus dated 4 July 2002.

(2) Details of options granted by the Company

As at 31 December 2014, there were no outstanding options to subscribe for shares of the Company, details of which were as follows:

	Number of share options							
Date of grant	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2014	Option period	Subscription price per share HK$
19/1/2004	3,475,408	–	–	(3,475,408)	–	–	19/1/2005 – 18/1/2014 (Note)	1.568

Note:

The options were 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 December 2014, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Gold Rainbow Int'l Limited	Beneficial owner	4,355,634,570	45.31%
Gotak Limited	Interest of a controlled corporation	4,355,634,570 (Note i)	45.31%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	4,355,634,570 (Note ii)	45.31%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
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 iv)	29.50%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	7,191,394,285 (Note v)	74.82%

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

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

Notes:

i. This represents the same block of shares in the Company as shown against the name of Gold Rainbow Int'l Limited ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of shares in which Gold Rainbow was interested under the SFO.

ii. As Gotak Limited is wholly-owned by Cheung Kong Holdings, Cheung Kong Holdings is deemed to be interested in the same number of shares which Gotak Limited is deemed to be interested under the SFO.

iii. TUT1 as trustee of the LKS Unity Trust and TUT1 related companies hold more than one-third of the issued share capital of Cheung Kong Holdings. 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 TUT1 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 in which Cheung Kong Holdings is deemed to be interested as disclosed in Note ii above.

iv. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by 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.

v. As Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco which in turn holds the entire issued share capital of TUT1, 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 Cheung Kong Holdings is deemed to be interested as mentioned above under the SFO.

   In addition, by virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF. Mr. Li Ka-shing is deemed to be interested in the same number of shares in which LKSF is deemed to be interested as mentioned above under the SFO.

Save as disclosed above, as at 31 December 2014, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

(1) Core business activities of the Group

(i) Research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products; and

(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)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman	(ii)
	Hutchison Whampoa Limited	Executive Director and Deputy Chairman	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(ii)
	Power Assets Holdings Limited	Non-executive Director *	(ii)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director	(ii)
	Hutchison Whampoa Limited	Executive Director	(i) & (ii)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(ii)
	Power Assets Holdings Limited	Executive Director #	(ii)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Deputy Managing Director	(ii)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(ii)
	TOM Group Limited	Non-executive Director	(ii)
	AVIC International Holding (HK) Limited	Non-executive Director	(ii)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(ii)
	ARA Asset Management Limited	Non-executive Director	(ii)
	Real Nutriceutical Group Limited	Non-executive Director	(i)

Note: Such businesses may be conducted through subsidiaries, associated companies or by way of other forms of investments.

* With effect from 29 January 2014, Mr. Li Tzar Kuoi, Victor has been re-designated as Non-executive Director of Power Assets Holdings Limited.

\# With effect from 29 January 2014, Mr. Kam Hing Lam has resigned as Executive Director of Power Assets Holdings Limited.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted continuing connected transactions of the Group during the year ended 31 December 2014 under the Listing Rules:

(1) Lease Agreements

On 1 March 2005 and 5 May 2009, Vitaquest International LLC ("Vitaquest"), a subsidiary of the Company, entered into lease agreements ("Lease Agreements") (as defined and more particularly described in the announcements of the Company dated 30 March 2006 (the "VQ Announcement I") and 5 May 2009 (the "VQ Announcement II", and together with VQ Announcement I, collectively referred to as the "VQ Announcements")) with Leknarf Associates, LLC ("Leknarf"), under which (i) three leases in respect of the Premises (as defined and more particularly described in the VQ Announcement I) from Leknarf or its predecessor were renewed for a term of fifteen years commencing from 1 March 2005; and (ii) a lease in respect of the Premises (as defined and more particularly described in the VQ Announcement II) from Leknarf commenced from 1 May 2009 and expires on 28 February 2020 (hereinafter collectively referred to as the "Continuing Connected Transactions I"). The rents payable for the respective lease under the Lease Agreements for each subsequent lease year shall be the rents for the prior lease year increased at the fixed rate of 2% per annum. As at the dates of the VQ Announcements, the annual rentals for the leases under the Lease Agreements were approximately US$228,000 (approximately HK$1,774,000), approximately US$1,127,000 (approximately HK$8,768,000), approximately US$551,000* (approximately HK$4,287,000) and US$616,000 (approximately HK$4,804,800) respectively. The annual fixed rent and other expenses (including real estate taxes, operating expenses, utility expenses and costs of maintenance) payable during the term of the lease described in VQ Announcement II cannot exceed the relevant annual caps set out below:

For the year ended/ending 31 December (in US$'000)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
493	749	764	779	795	811	827	844	860	878	895	150

During the year 2014, the rentals paid to Leknarf for the leases under the Lease Agreements amounted to US$266,388 (HK$2,078,000), US$1,314,105 (HK$10,250,000), US$0* (HK$0) and US$675,669 (HK$5,270,000) respectively. The rents for the leases under the Lease Agreements have the same payment terms and are to be paid by monthly instalments in advance on the first day of each and every calendar month during the lease period. Leknarf is an associate of an individual investor, who is a director and chief executive officer of a non wholly-owned subsidiary of the Company. Leknarf is therefore a connected person of the Company under the Listing Rules. According to Rule 14A.60(1) of the Listing Rules, the Lease Agreements are subject to the reporting and disclosure requirements under Chapter 14A of the Listing Rules.

* On 1 June 2011, an agreement was entered into by Vitaquest, Leknarf and an independent third party under which Vitaquest, with the consent of Leknarf, assigned this lease agreement dated 1 March 2005 to the independent third party.

Details of the Continuing Connected Transactions I were disclosed in the VQ Announcements.

(2) *Supply Agreements*

The Existing CKH Supply Agreement and the Existing HIL Supply Agreement (both as defined and more particularly described in the announcement of the Company dated 15 December 2011 (the "Supply Announcement")) had expired on 31 December 2011.

On 15 December 2011, the Company entered into a New CKH Supply Agreement and a New HIL Supply Agreement (both as defined and more particularly described in the Supply Announcement) with Cheung Kong Holdings, a substantial shareholder of the Company, and Hutchison International Limited ("HIL"), an associate of Cheung Kong Holdings under the Listing Rules, respectively, under which (a) the Company agreed to continue to provide and/or procure members of the Group to provide the Products (as defined in the Supply Announcement) to the CKH Group and the HIL Group (both as defined in the Supply Announcement) for a term of three years commencing from 1 January 2012 to 31 December 2014; (b) Cheung Kong Holdings agreed to continue to purchase and/or procure members of the CKH Group (in respect of associates of Cheung Kong Holdings which are not subsidiaries of Cheung Kong Holdings, to procure with reasonable endeavours only) to purchase the Products from the Group for use or consumption and/or for sale and distribution by the CKH Group both locally and overseas on a non-exclusive basis; and (c) HIL agreed to continue to purchase and/or procure members of the HIL Group (in respect of those members of the HIL Group in which HIL is directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of the voting power at any general meeting of such companies, to procure with reasonable endeavours only) to purchase the Products from the Group for sale and distribution by the HIL Group both locally and overseas on a non-exclusive basis. In connection with the supply of the Products by the Group to the HIL Group, relevant members of the Group may make the Sales Related Payments (as defined in the Supply Announcement) to relevant members of the HIL Group, which are expected to include advertising and promotional fees and royalties, display rentals, upfront payments or premium and/or such other payments (including without limitation, payments for consultancy, management and/or merchandising services to be rendered by the HIL Group) (all transactions mentioned above being collectively referred to as the "Continuing Connected Transactions II").

The Continuing Connected Transactions II cannot exceed the relevant annual caps set out below:

	Annual caps (in HK$)		
Category of the Continuing Connected Transactions II	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2014
1. The value of the Products to be provided under the transactions under or pursuant to the New CKH Supply Agreement	2,500,000	3,000,000	3,500,000
2. Transactions under or pursuant to the New HIL Supply Agreement:			
(a) the value of the Products to be provided to the HIL Group;	100,000,000	105,000,000	110,000,000
(b) the value of the Sales Related Payments payable by the Group	15,000,000	16,000,000	17,000,000

During the year 2014, the value of the Products provided by the Group to the CKH Group pursuant to the New CKH Supply Agreement amounted to HK$67,000 whereas the value of the Products provided by the Group to the HIL Group and the value of the Sales Related Payments paid by the Group to the HIL Group pursuant to the New HIL Supply Agreement amounted to HK$21,402,000 and HK$2,553,000 respectively. Details of the Continuing Connected Transactions II were disclosed in the Supply Announcement.

The New HIL Supply Agreement was renewed for a further three years up to 31 December 2017 as disclosed in the announcement of the Company dated 19 December 2014.

Both the Continuing Connected Transactions I and the Continuing Connected Transactions II (collectively referred to as the "Continuing Connected Transactions") have been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors have confirmed that for the year 2014 the Continuing Connected Transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report the Continuing Connected Transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board and confirmed that for the year 2014 nothing has come to their attention that causes them to believe that the Continuing Connected Transactions (i) have not been approved by the Board; (ii) have exceeded the relevant caps; and (iii) the samples that the auditor selected for the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions and were not in accordance with the Group's pricing policies, if applicable.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions", no contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's turnover attributable to the Group's five largest customers were less than 30% of the Group's turnover and the Group's purchases attributable to the Group's five largest suppliers were less than 30% of the Group's purchases.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Ample Castle Limited ("Ample"), an indirect wholly-owned subsidiary of the Company, as borrower and the Company together with certain indirect wholly-owned subsidiaries of the Company as guarantors, entered into a facility agreement (the "Agreement") with Commonwealth Bank of Australia, Singapore Branch ("CBA Singapore") on 18 February 2013. Pursuant to the Agreement, a 3-year term loan of US$70 million (the "Facility") was granted to Ample by CBA Singapore. As at 31 December 2014, the total outstanding balance of the Facility amounted to HK$546 million. The Agreement requires at least 44.01% direct or indirect interest in the Company to be maintained by Cheung Kong Holdings (the Company's controlling shareholder). The obligations have been complied with.

AUDIT COMMITTEE

The Group's annual report for the year ended 31 December 2014 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 152 to 155.

AUDITOR

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and offer themselves for re-appointment at the 2015 annual general meeting.

On behalf of the Board

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 24 February 2015

Deloitte.
德勤

TO THE MEMBERS OF
CK LIFE SCIENCES INT'L., (HOLDINGS) INC.
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CK Life Sciences Int'l., (Holdings) Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 132, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 December 2014, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 February 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	7	**4,954,043**	4,970,927
Cost of sales		**(3,213,721)**	(3,229,113)
		1,740,322	1,741,814
Other income, gains and losses	8	**64,341**	42,707
Staff costs	9	**(497,986)**	(489,963)
Depreciation		**(22,782)**	(19,595)
Amortisation of intangible assets		**(44,271)**	(50,650)
Other expenses		**(864,850)**	(860,622)
Finance costs	10	**(109,566)**	(103,953)
Share of results of associates and joint ventures		**55,922**	43,991
Profit before taxation		**321,130**	303,729
Taxation	11	**(48,378)**	(69,183)
Profit for the year	12	**272,752**	234,546
Attributable to:			
Shareholders of the Company		**263,558**	229,008
Non-controlling interests of subsidiaries		**9,194**	5,538
		272,752	234,546
Earnings per share	13		
– Basic		**2.74 cents**	2.38 cents
– Diluted		**2.74 cents**	2.38 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 *HK$'000*	2013 *HK$'000*
Profit for the year	**272,752**	234,546
Other comprehensive (expenses)/income		
Item that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of property, plant and equipment	–	34,379
	–	34,379
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(414,346)**	(647,386)
Gain/(loss) on fair value changes of available-for-sale investments	**25,300**	(45,871)
Reclassification adjustment upon impairment of available-for-sale investments	–	2,229
	(389,046)	(691,028)
Other comprehensive expenses for the year	**(389,046)**	(656,649)
Total comprehensive expenses for the year	**(116,294)**	(422,103)
Total comprehensive expenses attributable to:		
Shareholders of the Company	**(110,860)**	(403,640)
Non-controlling interests of subsidiaries	**(5,434)**	(18,463)
	(116,294)	(422,103)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties	15	**1,141,481**	926,897
Vines	16	**549,113**	539,502
Property, plant and equipment	17	**1,136,213**	1,177,459
Intangible assets	18	**3,785,560**	4,002,647
Interests in associates and joint ventures	19	**336,159**	365,531
Available-for-sale investments	20	**314,815**	289,515
Deferred taxation	30	**33,767**	31,447
		7,297,108	7,332,998
Current assets			
Investments at fair value through profit or loss	21	**54,540**	43,924
Derivative financial instruments	22	**5,207**	6,182
Tax recoverable		**4,916**	15,705
Inventories	23	**971,149**	952,912
Receivables and prepayments	24	**985,230**	1,036,987
Bank balances and deposits	25	**979,200**	767,661
		3,000,242	2,823,371
Assets classified as held for sale	39	**–**	63,409
		3,000,242	2,886,780
Current liabilities			
Payables and accruals	26	**(946,291)**	(1,089,290)
Derivative financial instruments	22	**(4,479)**	(5,062)
Bank borrowings	27	**(128,629)**	(950,758)
Finance lease obligations	28	**(346)**	(758)
Other borrowings	29	**–**	(75,000)
Taxation		**(62,737)**	(58,846)
		(1,142,482)	(2,179,714)
Liabilities associated with assets classified as held for sale	39	**–**	(36,027)
		(1,142,482)	(2,215,741)
Net current assets		**1,857,760**	671,039
Total assets less current liabilities		**9,154,868**	8,004,037

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Bank borrowings	27	**(2,871,858)**	(1,479,931)
Finance lease obligations	28	**(847)**	(243)
Other borrowings	29	**(1,356,000)**	(1,281,000)
Deferred taxation	30	**(51,194)**	(42,568)
		(4,279,899)	(2,803,742)
Total net assets		**4,874,969**	5,200,295
Capital and reserves			
Share capital	31	**961,107**	961,107
Share premium and reserves		**3,701,541**	4,015,830
Equity attributable to shareholders of the Company		**4,662,648**	4,976,937
Non-controlling interests of subsidiaries		**212,321**	223,358
Total equity		**4,874,969**	5,200,295

Li Tzar Kuoi, Victor
Director

Ip Tak Chuen, Edmond
Director

24 February 2015

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to shareholders of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Investment revaluation reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Subtotal *HK$'000*	Attributable to non-controlling interests of subsidiaries *HK$'000*	Total *HK$'000*
At 1 January 2013	961,107	4,051,433	77,756	–	232,493	4,166	(156,476)	293,333	5,463,812	259,886	5,723,698
Profit for the year	–	–	–	–	–	–	–	229,008	229,008	5,538	234,546
Exchange differences arising from translation	–	–	–	–	(623,385)	–	–	–	(623,385)	(24,001)	(647,386)
Gain on revaluation of property, plant and equipment	–	–	–	34,379	–	–	–	–	34,379	–	34,379
Loss on fair value changes of available-for-sale investments	–	–	(45,871)	–	–	–	–	–	(45,871)	–	(45,871)
Reclassification adjustments upon impairment of available-for-sale investments	–	–	2,229	–	–	–	–	–	2,229	–	2,229
Total comprehensive (expenses)/ income for the year	–	–	(43,642)	34,379	(623,385)	–	–	229,008	(403,640)	(18,463)	(422,103)
Addition in interests in a subsidiary	–	–	–	–	–	–	(25,569)	–	(25,569)	8,221	(17,348)
Employees' share option lapsed	–	–	–	–	–	(1,664)	–	1,664	–	–	–
Dividends paid to the shareholders of the Company – 2012 final dividend HK$0.006 per share	–	(57,666)	–	–	–	–	–	–	(57,666)	–	(57,666)
Dividends distributed to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(26,286)	(26,286)
At 1 January 2014	**961,107**	**3,993,767**	**34,114**	**34,379**	**(390,892)**	**2,502**	**(182,045)**	**524,005**	**4,976,937**	**223,358**	**5,200,295**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**263,558**	**263,558**	**9,194**	**272,752**
Exchange differences arising from translation	**–**	**–**	**–**	**–**	**(399,718)**	**–**	**–**	**–**	**(399,718)**	**(14,628)**	**(414,346)**
Gain on fair value changes of available-for-sale investments	**–**	**–**	**25,300**	**–**	**–**	**–**	**–**	**–**	**25,300**	**–**	**25,300**
Total comprehensive income/ (expenses) for the year	**–**	**–**	**25,300**	**–**	**(399,718)**	**–**	**–**	**263,558**	**(110,860)**	**(5,434)**	**(116,294)**
Addition in interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(136,879)**	**–**	**(136,879)**	**10,519**	**(126,360)**
Capitalisation of loans from non-controlling shareholders of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,212**	**30,212**
Disposal of a subsidiary classified as held for sale	**–**	**–**	**–**	**–**	**728**	**–**	**–**	**–**	**728**	**(33,084)**	**(32,356)**
Employees' share option lapsed	**–**	**–**	**–**	**–**	**–**	**(2,502)**	**–**	**2,502**	**–**	**–**	**–**
Dividends paid to the shareholders of the Company – 2013 final dividend HK$0.007 per share	**–**	**(67,278)**	**–**	**–**	**–**	**–**	**–**	**–**	**(67,278)**	**–**	**(67,278)**
Dividends distributed to non-controlling interests of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,250)**	**(13,250)**
At 31 December 2014	**961,107**	**3,926,489**	**59,414**	**34,379**	**(789,882)**	**–**	**(318,924)**	**790,065**	**4,662,648**	**212,321**	**4,874,969**

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Profit before taxation		**321,130**	303,729
Share of profit of associates and joint ventures		**(55,922)**	(43,991)
Finance costs		**109,566**	103,953
Depreciation		**92,032**	85,847
Impairment of available-for-sale investments		**–**	2,229
Net gain on investments at fair value through profit or loss		**(17,798)**	(17,248)
Net loss/(gain) on derivative financial instruments		**931**	(329)
Gain on disposal of a subsidiary classified as held for sale		**(1,712)**	–
Loss on disposal of associates		**12,361**	–
Loss/(gain) on disposal of property, plant and equipment		**1,769**	(118)
Interest income		**(7,655)**	(9,591)
Amortisation of intangible assets		**44,271**	50,650
Unrealised gain on fair value changes of investment properties		**(91,765)**	(3,041)
Unrealised loss/(gain) on fair value changes of vines		**91,174**	(6,861)
Reversal of revaluation deficit of property, plant and equipment		**–**	(33,873)
Recovery of impairment of intangible assets		**(3,356)**	(1,969)
Net impairment of/(recovery of) trade receivables		**9,747**	(1,419)
Net recovery of impairment of other receivables		**(18,481)**	(27,193)
Inventories written off		**16,812**	31,652
Operating cash flows before working capital changes		**503,104**	432,427
Increase in inventories		**(69,017)**	(106,651)
Decrease/(increase) in receivables and prepayments		**27,227**	(36,389)
(Decrease)/increase in payables and accruals		**(113,532)**	94,408
Profits tax paid		**(23,259)**	(116,739)
Net cash from operating activities		**324,523**	267,056
Investing activities			
Purchases of property, plant and equipment		**(140,861)**	(139,594)
Purchases of investment properties		**(210,725)**	(98,865)
Purchases of vines		**(138,326)**	(47,851)
Additions to intangible assets		**(5,603)**	(31,109)
Proceeds from disposal of investment properties		**–**	13,770
Proceeds from disposal of vines		**–**	3,416
Proceeds from disposal of intangible assets		**1,353**	–
Proceeds from disposal of property, plant and equipment		**3,470**	4,033
Purchase of a subsidiary	38	**–**	(1,208,425)
Disposal of a subsidiary classified as held for sale	39	**19,657**	–
Proceeds from disposal of associates		**753**	40,063
Net proceeds from disposal of investments at fair value through profit or loss		**7,183**	168,965
Dividends received from joint ventures		**41,405**	24,477
Interest received		**7,655**	9,591
Net cash used in investing activities		**(414,039)**	(1,261,529)

Consolidated Statement of Cash Flows (Cont'd)

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Financing activities			
New bank borrowings raised		**1,073,227**	1,414,506
Repayment of bank borrowings		**(468,000)**	(576,345)
New borrowings raised from certain substantial shareholders of the Company and their subsidiaries		**–**	600,000
Finance leases obligations repaid		**(901)**	(406)
Interest paid		**(110,327)**	(103,347)
Acquisition of additional interests in subsidiaries		**(126,360)**	–
Repayment of loans from non-controlling shareholders of subsidiaries		**–**	(1,566)
Dividend distributed to non-controlling interests of subsidiaries		**(17,169)**	(39,241)
Dividend distributed to shareholders of the Company		**(67,278)**	(57,666)
Net cash from financing activities		**283,192**	1,235,935
Net increase in cash and cash equivalents		**193,676**	241,462
Cash and cash equivalents at beginning of the year		**769,212**	572,113
Effect of foreign exchange rate changes		**(6,127)**	(44,363)
Cash and cash equivalents at end of the year	25	**956,761**	769,212

1. ORGANISATION AND OPERATIONS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate Information and Key Dates" of the Group's annual report.

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

The Company acts as an investment holding company. Its subsidiaries are principally engaged in research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products, as well as investment in a portfolio of vineyards, and various financial and investment products. Particulars regarding the principal subsidiaries are set out in Appendix I.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations (collectively "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The adoption of the new and revised HKFRSs had no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Disclosure Initiative[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[3]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 January 2017
[6] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version was issued in 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

– Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

– In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recongised.

– The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 may affect the classification and measurement of the Group's available-for-sale investments and may have an impact on amounts reported in respect of the Group's other financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer
– Step 2: Identify the performance obligations in the contract
– Step 3: Determine the transaction price
– Step 4: Allocate the transaction price to the performance obligations in the contract
– Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may affect amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

Apart from those mentioned above, the Group is in the process of assessing the impact of the other new and revised HKFRSs, which are not yet effective, on the Group's results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Basis of consolidation*

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expenses of a subsidiary are attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or the replacement of an acquiree's share-based payment arrangements with share-based payment arrangements of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) *Business combinations (cont'd)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Business combinations (cont'd)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(c) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties, which include land, buildings and integral infrastructure, are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(d) Vines

Vines are biological assets and are initially recorded at cost including transaction costs. Subsequent to initial recognition, the vines are stated at fair value less costs to sell. Gains or losses arising from changes in the fair values of vines less costs to sell are recognised in profit or loss in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

Property, plant and equipment, other than freehold land, salt fields and construction in progress, are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any. Land and buildings held for use in the supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Any revaluation increase arising from the revaluation of land and buildings and salt fields is recognised in other comprehensive income and accumulated in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising from the revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits/accumulated losses.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment other than freehold land, salt fields and construction in progress over their estimated useful lives, and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvement	$6^2/_3$% to 20%, or over the term of the lease, whichever is shorter
Leasehold land	Over the term of the lease
Building	2.5% to 10%, or over the term of the lease, whichever is shorter
Laboratory instruments, plant and equipment	$3^1/_3$% to 50%
Furniture, fixtures and other assets	5% to 50%

Freehold land and salt fields carried at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated impairment losses.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

No depreciation is provided on freehold land, salt fields and construction in progress. Depreciation will commence on the same basis as other assets of the same category when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) *Property, plant and equipment (cont'd)*

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying value of the item) is included in the profit or loss in the period in which the item is derecognised.

(f) *Intangible assets*

i. Development costs

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

An internally-generated intangible asset arising from development expenditure is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs are stated at cost less amortisation and impairment losses. Amortisation of development costs is charged to profit or loss on a straight-line basis over the estimated useful lives of the underlying products.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

ii. Patents

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

iii. Goodwill

Goodwill arising from business combination is carried at cost less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

iv. Trademarks

On initial recognition, trademarks acquired from business combinations are recognised at fair value at the acquisition date.

v. Concession assets

The assets under concession arrangements are classified as intangible assets if the operator receives a right (a licence) to charge users of the public service or as financial assets if paid by the granting authority. Under the intangible asset model, the concession assets are amortised over the term of the concession of 25 years on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

vi. Water rights

Water rights provide the owner with an allocation of irrigation water for as long as the rights are held. Water rights that are able to be legally separated from properties and are able to be traded are recognised separately.

Water rights are recognised at cost less any accumulated impairment losses. The cost is not amortised as the water licences have indefinite useful lives.

Due to the water rights being used for the provision of permanent planting of crops (vines), these water rights are held to support the vines and not for regular trading purposes.

vii. Other intangible assets (including customer relationships and non-competition agreements)

On initial recognition, other intangible assets acquired from business combinations are recognised separately from goodwill and are initially recognised at fair value at the acquisition date. After initial recognition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the assets of 3.3 to 10 years.

viii. Impairment of intangible assets with indefinite useful lives

Trademarks and water rights with indefinite useful lives are not amortised but are tested for impairment annually, and whenever there is an indication that they may be impaired, by comparing their carrying amounts with their recoverable amounts. An impairment loss is recognised immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill and intangible assets with indefinite useful lives which are disclosed in note (f) above) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Where an impairment loss is subsequently reversed, the carrying amount of an asset/cash-generating unit is increased to the revised estimate of its recoverable amount, but such reversal cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under other standards, in which case the reversal of the impairment loss is treated as a revaluation increase under those standards. However, to the extent that an impairment loss on the same revalued asset has previously been recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities in the period in which the investment is acquired over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Investments in associates and joint ventures (cont'd)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a partial interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportionate share of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income/expense is recognised on an effective interest basis.

i. Financial assets/liabilities at fair value through profit or loss

The financial assets/liabilities at fair value through profit or loss held by the Group are debt securities with embedded derivatives not separated, derivative financial instruments and securities held for trading purpose. They are carried at fair value, with any changes in fair value arising from remeasurement being recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets or any interest paid on the financial liabilities.

A financial asset/liability is classified as held for trading if:

- it has been acquired/incurred principally for the purpose of selling/repurchasing in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

i. Financial assets/liabilities at fair value through profit or loss (cont'd)

A financial asset/liability other than a financial asset/liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial asset/liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit and loss.

ii. Available-for-sale investments

Available-for-sale investments are non-derivative instruments that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are carried at fair value, with any changes in fair value being recognised in other comprehensive income and accumulated in investment revaluation reserve. Upon disposal or when these financial assets are determined to be impaired, the cumulative gain or loss previously recognised in investment revaluation reserve is removed from the reserve and recognised in profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

iii. Loans and receivables

Loans and receivables (including receivables, deposits and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

iv. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

iv. Impairment of financial assets (cont'd)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

v. Other financial liabilities

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

vi. Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

vii. Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

viii. Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completing and costs necessary to make the sale.

(k) Non-current assets held for sale or disposal group

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition

Revenue from the sale of goods is recognised when goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding using the effective interest method.

Service income, including that from operating service provided under service concession arrangement, is recognised when services are provided.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Under certain circumstances, incentives such as rent-free periods may be offered to tenants. Such an incentive is amortised over the term of the lease as a reduction in rental income on a straight-line basis.

Dividend income is recognised when the right to receive payment is certain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leased assets

Leases that transfer substantially all the risks and rewards of ownership of assets to the Group, other than legal title, are accounted for as finance leases. Leases where substantially all the risks and rewards of ownership remain with the lessor are accounted for as operating leases.

The Group as lessee

At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms or the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as expense on a straight-line basis over the relevant lease term. Contingent rentals are recognised as expense in the period in which they are incurred. Benefit received and receivable as an incentive to enter into an operating lease is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. Leasehold lands in which substantially all the risks and rewards incidental to the ownership have been transferred to the Group are classified as finance leases.

The Group as lessor

Lease agreements entered into with lessees over vineyard properties and wineries are considered to be operating leases given that the Group retains substantially all the risks and benefits of ownership of the leased assets.

(n) Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Share-based payment

The fair value of the share options that were granted after 7 November 2002 and had not vested on 1 January 2005 is determined by reference to the fair value of the share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

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

In the prior years, the Group chose not to apply HKFRS 2 to the share options granted by the Group which had been fully vested before 1 January 2005 in accordance with the transitional provision of HKFRS 2. The financial impact of the share options granted and fully vested before 1 January 2005 is not recorded in the Group's results until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted in the year.

(p) Foreign currencies

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

Transactions in foreign currencies are translated at the prevailing rates on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing rates at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

– exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

– exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Foreign currencies (cont'd)

– exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

On consolidation, assets and liabilities of the Group's operations with a functional currency that is different from the presentation currency are translated into the presentation currency at the prevailing rates at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising from the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Taxation (cont'd)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies described in note 3, management has made estimates and assumptions concerning the future. The estimates and assumptions that have a significant impact on changes in value of the carrying amounts of significant assets/liabilities include investment properties, vines, land and building, salt fields, goodwill, development costs and deferred taxation.

The Group's vineyards (including investment properties and vines), land and building and salt fields are stated at fair values by reference to independent valuations. These valuations were performed by independent professional valuers based on valuation techniques involving certain estimations and assumptions. Any changes to these estimations and assumptions would result in changes in the fair values of these assets and corresponding adjustments to the Group's profit or loss and asset revaluation reserve.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D)

Determining whether goodwill has been impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value of subsidiaries where the goodwill arises. Where the actual future cash flows are less than the expected future cash flows, impairment losses may arise.

Determining whether capitalised development cost is impaired requires an estimation of the recoverable amount through future commercial activity which requires the Group to estimate the future cash flows expected to arise from the developed products. Impairment losses may arise when actual cash flows are less than expected.

Details of the impairment test on goodwill and capitalised development costs are set out in note 18.

As at 31 December 2014, a deferred tax asset of HK$33,767,000 (2013: HK$31,447,000) has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal takes place.

Fair value measurements and valuation processes

Investment properties, vines, salt fields, land and building were revalued by the Directors of the Group by reference to the valuation by independent professional valuers.

The best evidence of fair value is current prices in an active market for properties in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

The principal assumptions for the Group's estimation of fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D)

Fair value measurements and valuation processes (cont'd)

In estimating the fair value of the properties, the highest and best use of the properties is generally their current use. Details of information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed in note 6.

5. RISK MANAGEMENT

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's management actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group monitors capital on the basis of the net debt to net total capital ratio. This ratio is calculated as the Group's net borrowings divided by the aggregate of the Group's total equity and net borrowings. For this purpose, the Group defines net borrowings as total borrowings (including bank borrowings, finance lease obligations and other borrowings) less cash, bank balances and time deposits. As at 31 December 2014, the net debt to net total capital ratio of the Group is approximately 40.93% (2013: 36.92%).

Financial Risk Management

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

(a) Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It arises primarily from the Group's trade and other receivables and investments. Impairment provisions are made for losses that have been incurred at the end of the reporting period.

The Group's maximum exposure to credit risk in the event of failures of the counterparties to perform their obligations as at 31 December 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position after deducting any impairment allowance.

5. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

In respect of the Group's trade and other receivables, in order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Further quantitative disclosure in respect of the group's exposure to credit risk arising from trade and other receivables is set out in note 24.

Apart from certain derivative financial instruments and investments for long term strategic purposes, the Group's investments are normally in liquid securities quoted on recognised stock exchanges. Transactions involving derivative financial instruments and debt securities are with counterparties of sound credit standing. Given their high credit standing, the management does not expect any investment counterparty to fail to meet its obligations.

The credit risk on liquid funds and time deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Except for the financial guarantees given by the Company for certain bank facilities of its subsidiaries, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Investments of the Group are kept sufficiently liquid to meet operating needs.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

5. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(b) Liquidity risk (cont'd)

The non-derivative financial liabilities of the Group as at the end of the reporting period are analysed into relevant maturity buckets based on their contractual maturity dates in the tables below:

	Payables and accruals *HK$'000*	Bank borrowings *HK$'000* *(note)*	Finance lease obligations *HK$'000*	Other borrowings *HK$'000* *(note)*	Total *HK$'000*
Year 2014					
Carrying amount	**946,291**	**3,000,487**	**1,193**	**1,356,000**	**5,303,971**
Total contractual undiscounted cash flow					
Within 1 year or on demand	**946,291**	**199,811**	**398**	**27,560**	**1,174,060**
More than 1 year but less than 2 years	**–**	**1,518,687**	**349**	**27,560**	**1,546,596**
More than 2 years but less than 5 years	**–**	**1,416,727**	**542**	**1,359,380**	**2,776,649**
	946,291	**3,135,225**	**1,289**	**1,414,500**	**5,497,305**
Year 2013					
Carrying amount	1,089,290	2,430,689	1,001	1,356,000	4,876,980
Total contractual undiscounted cash flow					
Within 1 year or on demand	1,089,290	1,011,586	793	102,024	2,203,693
More than 1 year but less than 2 years	–	166,360	145	100,679	267,184
More than 2 years but less than 5 years	–	1,396,630	114	1,018,936	2,415,680
More than 5 years	–	–	–	230,801	230,801
	1,089,290	2,574,576	1,052	1,452,440	5,117,358

Note:

The undiscounted cash flow is projected based on the terms and balances as at 31 December 2014 and 31 December 2013 without taking into account of future changes of the terms and balances. Interest rates applied for interest portion are estimated using contractual rates or, if floating, based on current interest rates as at the respective end of reporting period.

5. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(c) Interest rate risks

There are two types of interest rate risk – fair value interest rate risk ("FVIR Risk") and cash flow interest rate risk ("CFIR Risk"). FVIR Risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and CFIR Risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities at fixed rates expose the Group to FVIR Risk while financial assets and liabilities at variable rates expose the Group to CFIR Risk.

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits, investments and interest-bearing borrowings.

As most of the Group's interest-bearing financial assets (mainly bank deposits) are based on floating rates with short interest rate reset periods, no material FVIR Risk is expected. The amounts of interest income from the abovementioned financial assets are mainly dependent on the availability of idle funds of the Group instead of interest rate and it is the Group's policy to obtain a favorable return by shifting the idle funds between the bank deposits and investments. Therefore, no material CFIR Risk from the abovementioned financial assets is expected by management. Details of the Group's bank balances and deposits and investments have been disclosed in notes 20, 21, 22 and 25.

In respect of interest-bearing financial liabilities, the Group's interest rate risk arises primarily from its bank and other borrowings. Most of them are based on market rates and are therefore exposed to CFIR Risk. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the FVIR Risk. Details of the Group's bank and other borrowings have been disclosed in notes 27 and 29.

As at 31 December 2014, if the interest rates on the Group's floating-rate borrowings had been 50 basis points ("bps") higher/lower than the actual interest rates at year end with all other variables held constant, profit before taxation for the year would have been HK$21,497,000 (2013: HK$18,622,000) lower/higher, mainly as a result of higher/lower interest expense on such borrowings. The 50 bps increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The above sensitivity analysis is based on the Group's total floating-rate borrowings of HK$4,299,427,000 as at 31 December 2014 (2013: HK$3,724,499,000) without considering the increases/decreases of the borrowings during the year.

5. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(d) Currency risk

Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate because of changes in foreign exchange rates. The Group has minimal exposure to foreign currency risk as most of the financial assets and liabilities held by the Group's overseas subsidiaries (except for the Group's treasury investments which are mainly denominated in Hong Kong dollars or United States dollars) are denominated in the respective functional currency of such subsidiaries. The management always monitors foreign exchange exposure closely in order to keep the currency risk at a reasonable level.

(e) Other price risk

The Group is exposed to securities price changes arising from its available-for-sale investments and investments at fair value through profit or loss (notes 20 and 21).

All of the Group's trading securities and certain available-for-sale investments are listed on the Stock Exchange or other recognised overseas stock exchanges. The management manages this exposure by maintaining a portfolio of investments with different risks. Decisions to buy or sell trading securities are based on the performance of individual securities, as well as the Group's liquidity needs. All of the Group's unlisted investments and available-for-sale investments are held for long term strategic purpose.

If the prices of the respective listed equity had been 5% higher/lower, the Group's profit before taxation and other comprehensive income would increase/decrease by HK$2,727,000 (2013: HK$2,196,000) and HK$7,841,000 (2013: HK$6,576,000) respectively, as a result of changes in their fair values. The 5% increase/decrease represents management's assessment of a reasonably possible change in share prices over the period until the end of next annual reporting period.

6. FAIR VALUE MEASUREMENTS

(a) *Financial instruments measured at fair value on a recurring basis*

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following details give information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used).

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Year 2014				
Available-for-sale investments				
Equity securities – listed in Hong Kong	**156,815**	**–**	**–**	**156,815**
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	**54,540**	**–**	**–**	**54,540**
Derivative financial assets	**–**	**5,207**	**–**	**5,207**
Total	**54,540**	**5,207**	**–**	**59,747**
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	**–**	**4,479**	**–**	**4,479**
Year 2013				
Available-for-sale investments				
Equity securities – listed in Hong Kong	131,515	–	–	131,515
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	43,924	–	–	43,924
Derivative financial assets	–	6,182	–	6,182
Total	43,924	6,182	–	50,106
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	5,062	–	5,062

There were no transfers between Levels 1 and 2 in both years.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(a) *Financial instruments measured at fair value on a recurring basis (cont'd)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial assets and liabilities is determined using discounted cash flow method and future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

(b) *Non-financial assets measured at fair value on a recurring basis*

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Year 2014				
Investment properties	**–**	**–**	**1,141,481**	**1,141,481**
Vines	**–**	**–**	**549,113**	**549,113**
Property, plant and equipment				
Land and building in Hong Kong	**–**	**107,269**	**–**	**107,269**
Overseas freehold land and building	**–**	**–**	**256,241**	**256,241**
Total	**–**	**107,269**	**256,241**	**363,510**
Salt fields	**–**	**–**	**270,368**	**270,368**
Year 2013				
Investment properties	–	–	926,897	926,897
Vines	–	–	539,502	539,502
Property, plant and equipment				
Land and building in Hong Kong	–	110,500	–	110,500
Overseas freehold land and building	–	–	284,486	284,486
Total	–	110,500	284,486	394,986
Salt fields	–	–	266,934	266,934

During the year ended 31 December 2014 and 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(b) *Non-financial assets measured at fair value on a recurring basis (cont'd)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of land and building in Hong Kong is determined using depreciated replacement costs approach by reference to the market value of the land in its existing use and market replacement cost of comparable properties on a price per square foot basis, adjusted for the age, condition and functional obsolescence.

Information about Level 3 fair value measurements

The following table gives information about how the fair value of the Group's major properties carried at fair value as at 31 December 2014 and 31 December 2013 is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

	Valuation techniques	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Investment properties and vines	Income approach	Discount rates ranging from 9.1% to 13.25% (2013: 9% to 13.25%); and	Increase/decrease in discount rate will result in decrease/ increase in their fair value.
		Market rent per hectare using direct market comparables and taking into account of physical, tenancy or market characteristics related to that property, ranging from HK$14,753 to HK$81,360 (2013: HK$20,467 to HK$65,847).	Increase/decrease in the market rent per hectare will result in increase/decrease in their fair value.
Overseas freehold land and building for salt production	Direct comparison and depreciated replacement costs approach	Estimated replacement costs of buildings and leasehold improvements, taking into account of functional obsolescence condition and age of assets.	Increase/decrease in estimated replacement cost will result in increase/decrease in their fair value.
Overseas freehold land and building for nutraceutical business	Direct comparison approach	Market price per square meter using direct market comparables and taking into account of location and other individual factors such as size and condition of property, structure and layout of the property, and similar properties located within the area, ranging from HK$6,023 to HK$6,657 (2013: HK$6,565 to HK$7,256).	Increase/decrease in the market price per square meter will result in increase/decrease in their fair value.
Salt fields	Income approach	Discount rates ranging from 11% to 13% (2013: 11% to 13%); and	Increase/decrease in discount rate will result in decrease/ increase in their fair value.
		Growth rate.	Increase/decrease in the growth rate will result in increase/ decrease in their fair value.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(b) *Non-financial assets measured at fair value on a recurring basis (cont'd)*

Information about Level 3 fair value measurements (cont'd)

Income approach is the valuation technique which includes the use of discounted cash flow method. It discounts future cash flows to a single current amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Details of movement in investment properties and vines are disclosed in notes 15 and 16. Fair value adjustments of investment properties and vines are recognised in the line item "Other income, gains and losses" on the face of consolidated income statement.

The revaluation and exchange adjustments of overseas freehold land and building and salt fields are recognised in the line items "Gain on revaluation of property, plant and equipment" and "Exchange difference arising from translation of foreign operations" respectively, on the face of consolidated comprehensive income.

Details of movement in salt fields are disclosed in note 17. The movements during the year in the balance of overseas freehold land and building are as follows:

	2014 ***HK$'000***	2013 *HK$'000*
As at 1 January	**284,486**	182,024
Acquisition of a subsidiary	**–**	112,794
Additions	**–**	4,394
Reclassification from construction in progress	**3,046**	1,224
Disposal/write off	**(214)**	–
Revaluation	**–**	34,379
Depreciation provided for the year	**(6,828)**	(6,842)
Exchange differences	**(24,249)**	(43,487)
As at 31 December	**256,241**	284,486

7. TURNOVER

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

	2014 ***HK$'000***	2013 *HK$'000*
Agriculture-related	**2,216,803**	2,208,118
Health	**2,730,524**	2,756,217
Investment	**6,716**	6,592
	4,954,043	4,970,927

8. OTHER INCOME, GAINS AND LOSSES

	2014 *HK$'000*	2013 *HK$'000*
Included in other income, gains and losses are:		
Interest income from bank deposits	**6,997**	8,443
Other interest income	**658**	1,148
Unrealised gain on fair value changes of investment properties	**91,765**	3,041
Unrealised (loss)/gain on fair value changes of vines	**(91,174)**	6,861
Impairment of available-for-sale investments	**–**	(2,229)
Net gain on investments at fair value through profit or loss		
– Investments held for trading	**17,798**	11,035
– Others	**–**	6,213
Net (loss)/gain on derivative financial instruments	**(931)**	329

9. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions, share-based payment and recruitment costs for the year amounted to HK$908.2 million (2013: HK$917.7 million) of which HK$410.2 million (2013: HK$427.7 million) relating to direct labor costs were included in cost of sales.

10. FINANCE COSTS

	2014 *HK$'000*	2013 *HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**82,311**	76,924
Other borrowings	**27,179**	26,945
Finance leases	**76**	84
	109,566	103,953

11. TAXATION

	2014 **HK$'000**	2013 HK$'000
The tax expenses for the year represent:		
Current tax		
Hong Kong	**–**	46
Other jurisdictions	**36,854**	67,253
Over provision in prior years		
Hong Kong	**–**	(102)
Other jurisdictions	**(806)**	(17,574)
Deferred tax *(Note 30)*		
Hong Kong	**–**	–
Other jurisdictions	**12,330**	19,560
	48,378	69,183

Hong Kong profits tax has been provided for at the rate of 16.5% of the estimated assessable profits. Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax expenses for the year can be reconciled to the profit before taxation as follows:

	2014 **HK$'000**	2013 HK$'000
Profit before taxation	**321,130**	303,729
Notional tax at tax rate of 16.5%	**52,986**	50,115
Tax effect of share of results of associates and joint ventures	**(9,227)**	(7,259)
Tax effect of non-deductible expenses	**44,771**	56,082
Tax effect of non-taxable income	**(83,463)**	(79,072)
Tax effect of tax losses not recognised	**26,781**	29,827
Over provision in prior years	**(806)**	(17,676)
Tax effect of utilisation of tax losses previously not recognised	**(6,333)**	(598)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**23,204**	31,930
Others	**465**	5,834
Tax expenses	**48,378**	69,183

12. PROFIT FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**14,672**	13,333
Depreciation of property, plant and equipment		
Owned assets	**91,611**	85,493
Assets held under finance leases	**421**	354
	92,032	85,847
Amount included in production overheads	**(69,250)**	(66,252)
	22,782	19,595
Research and development expenditure	**190,823**	225,503
Exchange loss	**24,917**	7,089
Impairment of trade receivables	**10,896**	4,923
Inventories written off	**16,812**	31,652
Operating lease expenses	**57,579**	49,517
Loss on disposal of property, plant and equipment	**1,769**	–
Loss on disposal of associates	**12,361**	–
and after crediting:		
Rental income from investment properties (included in turnover)	**163,567**	166,143
Dividend income from listed securities (included in turnover)	**4,744**	4,599
Recovery of impairment of intangible assets	**3,356**	1,969
Reversal of revaluation deficit of property, plant and equipment	**–**	33,873
Recovery of impairment of trade receivables	**1,149**	6,342
Recovery of impairment of other receivables	**18,481**	27,193
Gain on disposal of property, plant and equipment	**–**	118
Gain on disposal of a subsidiary classified as held for sale	**1,712**	–
Interest income from unlisted investments at fair value through profit or loss (included in turnover)	**1,972**	1,993

13. EARNINGS PER SHARE

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

	2014 **HK$'000**	2013 HK$'000
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	**263,558**	229,008
Number of shares		
Number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	**9,611,073,000**	9,611,073,000

As all the Company's outstanding share options were lapsed during the year, there were no potential ordinary shares in issue as at 31 December 2014. Diluted earnings per share for the year ended 31 December 2014 is the same as the basic earnings per share.

The computation of diluted earnings per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options.

14. DIVIDENDS

A final dividend for the year ended 31 December 2014 of HK$0.008 per share (2013: HK$0.007 per share) with an aggregate amount of HK$76,889,000 (2013: HK$67,278,000) had been proposed by the directors. It is subject to approval by the shareholders in the forthcoming general meeting.

15. INVESTMENT PROPERTIES

	2014 HK$'000	2013 HK$'000
Overseas freehold investment properties, at valuation		
As at 1 January	**926,897**	947,866
Additions	**210,725**	98,865
Disposals	**–**	(13,770)
Net increase in fair value recognised in profit or loss	**91,765**	3,041
Exchange differences	**(87,906)**	(109,105)
As at 31 December	**1,141,481**	926,897

Details of the valuation processes and valuation techniques of investment properties are disclosed in notes 4 and 6(b).

16. VINES

	2014 HK$'000	2013 HK$'000
At valuation		
As at 1 January	**539,502**	542,218
Additions	**138,326**	47,851
Disposals	**–**	(3,416)
Net (decrease)/increase in fair value recognised in profit or loss	**(91,174)**	6,861
Exchange differences	**(37,541)**	(54,012)
As at 31 December	**549,113**	539,502

Details of the valuation processes and valuation techniques of vines are disclosed in notes 4 and 6(b).

17. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Salt fields HK$'000	Construction in progress HK$'000	Laboratory instruments, plant and equipment HK$'000	Furniture, fixtures and other assets HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost or valuation							
As at 1 January 2013	282,533	–	13,641	502,065	142,440	96,457	1,037,136
Arising from acquisition of a subsidiary	112,794	309,780	22,202	186,780	7,455	12,665	651,676
Additions	4,394	–	69,810	30,650	11,981	22,759	139,594
Reclassification	1,224	2,187	(44,256)	34,983	3,913	1,949	–
Disposals/write-off	–	–	–	(46,784)	(7,013)	–	(53,797)
Revaluation	46,770	–	–	–	–	–	46,770
Transfer to assets classified as held for sale	–	–	–	–	(901)	–	(901)
Exchange difference	(44,991)	(45,033)	(6,035)	(66,913)	(9,331)	(6,523)	(178,826)
As at 1 January 2014	**402,724**	**266,934**	**55,362**	**640,781**	**148,544**	**127,307**	**1,641,652**
Additions	**–**	**29,998**	**78,966**	**12,278**	**10,855**	**9,975**	**142,072**
Reclassification	**3,046**	**305**	**(60,114)**	**36,052**	**5,615**	**15,096**	**–**
Disposals/write-off	**(214)**	**(2,159)**	**–**	**(2,317)**	**(4,260)**	**–**	**(8,950)**
Exchange difference	**(24,503)**	**(24,710)**	**(6,406)**	**(38,586)**	**(6,472)**	**(5,632)**	**(106,309)**
As at 31 December 2014	**381,053**	**270,368**	**67,808**	**648,208**	**154,282**	**146,746**	**1,668,465**
Comprising:							
Cost	**–**	**–**	**67,808**	**648,208**	**154,282**	**146,746**	**1,017,044**
Valuation	**381,053**	**270,368**	**–**	**–**	**–**	**–**	**651,421**
	381,053	**270,368**	**67,808**	**648,208**	**154,282**	**146,746**	**1,668,465**

17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and building HK$'000	Salt fields HK$'000	Construction in progress HK$'000	Laboratory instruments, plant and equipment HK$'000	Furniture, fixtures and other assets HK$'000	Leasehold improvement HK$'000	Total HK$'000
Depreciation and impairment							
As at 1 January 2013	21,633	–	–	287,249	116,625	50,025	475,532
Provided for the year	9,091	–	–	60,957	10,603	5,196	85,847
Eliminated upon disposals/ write-off	–	–	–	(46,707)	(3,175)	–	(49,882)
Eliminated upon revaluation	(21,482)	–	–	–	–	–	(21,482)
Transfer to assets classified as held for sale	–	–	–	–	(215)	–	(215)
Exchange difference	(1,504)	–	–	(17,222)	(5,464)	(1,417)	(25,607)
As at 1 January 2014	**7,738**	**–**	**–**	**284,277**	**118,374**	**53,804**	**464,193**
Provided for the year	**10,059**	**–**	**–**	**63,862**	**11,600**	**6,511**	**92,032**
Eliminated upon disposals/ write-off	**–**	**–**	**–**	**(1,224)**	**(2,487)**	**–**	**(3,711)**
Exchange difference	**(254)**	**–**	**–**	**(16,115)**	**(2,952)**	**(941)**	**(20,262)**
As at 31 December 2014	**17,543**	**–**	**–**	**330,800**	**124,535**	**59,374**	**532,252**
Carrying Values							
As at 31 December 2014	**363,510**	**270,368**	**67,808**	**317,408**	**29,747**	**87,372**	**1,136,213**
As at 31 December 2013	394,986	266,934	55,362	356,504	30,170	73,503	1,177,459

17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying value of properties shown above comprises:

	2014	2013
	HK$'000	*HK$'000*
Land and building in Hong Kong under medium-term lease	**107,269**	110,500
Overseas freehold land and building	**256,241**	284,486
	363,510	394,986

Details of the valuation processes and valuation techniques of land and building and salt fields are disclosed in notes 4 and 6(b). Had the land and building been carried at the historical cost less accumulated depreciation, their aggregate carrying amount would have been stated at approximately HK$332,598,000 (2013: HK$359,848,000).

The land in Hong Kong under medium-term lease is leased from Hong Kong Science and Technology Parks Corporation for a term up to 27 June 2047.

The carrying value of the Group's property, plant and equipment held under finance leases included in furniture, fixtures and other assets amounted to HK$1,182,000 (2013: HK$1,008,000).

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$1,211,000 (2013: Nil).

18. INTANGIBLE ASSETS

	Development costs HK$'000	Patents HK$'000	Goodwill HK$'000	Trademarks HK$'000	Customer relationships HK$'000	Concession assets HK$'000	Water rights HK$'000	Other intangible assets HK$'000	Total HK$'000
Cost									
As at 1 January 2013	482,526	202	3,256,990	100,359	452,444	125,140	186,391	10,403	4,614,455
Arising from acquisition of a subsidiary	–	–	–	39,592	–	–	–	–	39,592
Additions	–	–	–	–	–	–	31,109	–	31,109
Transfer to assets classified as held for sale	–	–	–	–	–	(107,285)	–	–	(107,285)
Exchange difference	(17,420)	(29)	(179,538)	(13,822)	(34,400)	(17,855)	(29,105)	(1,227)	(293,396)
As at 1 January 2014	**465,106**	**173**	**3,077,452**	**126,129**	**418,044**	**–**	**188,395**	**9,176**	**4,284,475**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**5,603**	**–**	**5,603**
Disposals/write-off	**–**	**–**	**–**	**–**	**–**	**–**	**(1,353)**	**–**	**(1,353)**
Exchange difference	**(21,519)**	**(14)**	**(125,555)**	**(10,691)**	**(19,015)**	**–**	**(16,594)**	**(731)**	**(194,119)**
As at 31 December 2014	**443,587**	**159**	**2,951,897**	**115,438**	**399,029**	**–**	**176,051**	**8,445**	**4,094,606**
Amortisation and impairment									
As at 1 January 2013	613	165	–	–	244,877	55,819	6,792	3,709	311,975
Provided for the year	–	–	–	–	44,034	4,670	–	1,946	50,650
Net recovery of impairment loss	–	–	–	–	–	–	(1,969)	–	(1,969)
Transfer to assets classified as held for sale	–	–	–	–	–	(52,146)	–	–	(52,146)
Exchange difference	(41)	(23)	–	–	(16,962)	(8,343)	(809)	(504)	(26,682)
As at 1 January 2014	**572**	**142**	**–**	**–**	**271,949**	**–**	**4,014**	**5,151**	**281,828**
Provided for the year	**–**	**–**	**–**	**–**	**42,449**	**–**	**–**	**1,822**	**44,271**
Net recovery of impairment loss	**–**	**–**	**–**	**–**	**–**	**–**	**(3,356)**	**–**	**(3,356)**
Exchange difference	**(49)**	**(12)**	**–**	**–**	**(12,382)**	**–**	**(658)**	**(596)**	**(13,697)**
As at 31 December 2014	**523**	**130**	**–**	**–**	**302,016**	**–**	**–**	**6,377**	**309,046**
Carrying values									
As at 31 December 2014	**443,064**	**29**	**2,951,897**	**115,438**	**97,013**	**–**	**176,051**	**2,068**	**3,785,560**
As at 31 December 2013	464,534	31	3,077,452	126,129	146,095	–	184,381	4,025	4,002,647

18. INTANGIBLE ASSETS (CONT'D)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives have been allocated to six individual cash generating units (CGUs), including three subsidiaries in the health segment and three subsidiaries in the agriculture-related segment. The carrying amounts of goodwill and trademarks (net of accumulated impairment losses) as at 31 December 2014 allocated to these segments are as follows:

	Goodwill		Trademarks	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Health	**2,597,308**	2,694,260	**68,763**	75,258
Agriculture-related	**354,589**	383,192	**46,675**	50,871
	2,951,897	3,077,452	**115,438**	126,129

During the year ended 31 December 2014, management of the Group has assessed the recoverable amounts of the Group's CGUs containing goodwill or trademarks with indefinite useful lives.

The recoverable amounts of the CGUs are determined from the value in use calculations. These calculations use cash flow projections of 5-10 years based on next year's financial budgets approved by management using a steady growth rate and at a discount rate of 10.5% to 12%. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows have included budgeted sales and gross margin, and such estimation is based on the unit's past performance and management's expectations for market development.

The Group also tests the impairment of capitalised development costs by assessing, where appropriate, the cash flow and profit projections, and the progress of the development activities of the relevant product groups.

During the year ended 31 December 2014, turnover and profit contributed to the Group by the concession arrangements were HK$8,306,000 (2013: HK$17,224,000) and HK$2,091,000 (2013: HK$1,751,000) respectively.

During the year ended 31 December 2014, the Directors conducted reviews on the recoverable amounts of water rights entitlements. As a result, recovery of impairment losses of HK$3,356,000 (2013: HK$1,969,000) had been recognised in profit or loss to increase the carrying amount of intangible assets to their recoverable amounts.

Other intangible assets include non-competition agreements.

19. INTERESTS IN ASSOCIATES AND JOINT VENTURES

		2014 HK$'000	2013 HK$'000
Interests in associates	(a)	–	14,585
Interests in joint ventures	(b)	**336,159**	350,946
		336,159	365,531

(a) Interests in associates

	2014 HK$'000	2013 HK$'000
Aggregate information of associates that are not individually material		
Cost of investments in associates, unlisted	–	23,668
Share of post-acquisition results	–	(14,020)
Exchange reserve	–	4,937
Aggregate carrying amount	–	14,585
Group's share of results and total comprehensive expenses of associates for the year	**(1,142)**	(2,113)

(b) Interests in joint ventures

	2014 HK$'000	2013 HK$'000
Aggregate information of joint ventures that are not individually material		
Cost of investments in joint ventures, unlisted	**387,131**	387,131
Share of post-acquisition results, net of dividend received	**37,286**	21,627
Exchange reserve	**(88,258)**	(57,812)
Aggregate carrying amount	**336,159**	350,946
Group's share of results and total comprehensive income of joint ventures for the year	**57,064**	46,104
Dividends received from joint ventures during the year	**41,405**	24,477

Particulars regarding the principal associate and joint ventures are set out in Appendix II.

20. AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK$'000	2013 HK$'000
Equity security		
– listed in Hong Kong at quoted price	**156,815**	131,515
– unlisted, at cost	**158,000**	158,000
	314,815	289,515

The unlisted equity security investments represent the Group's interest in certain unlisted companies. They are measured at cost less impairment because the range of reasonable fair value estimates is so wide that the Directors of the Company are of the opinion that their fair value cannot be measured reliably.

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK$'000	2013 HK$'000
Equity securities held for trading		
– listed in Hong Kong at quoted price	**54,540**	36,749
– listed overseas at quoted price	**–**	7,175
	54,540	43,924

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2014 HK$'000	2013 HK$'000
Assets		
Derivative financial instruments (deemed as held for trading) at fair value:		
Interest rate swaps	**5,207**	6,182
Liabilities		
Derivative financial instruments (deemed as held for trading) at fair value:		
Interest rate swaps	**(4,479)**	(5,062)

The above derivative financial instruments are measured at fair value at the end of each reporting period.

23. INVENTORIES

	2014	2013
	HK$'000	*HK$'000*
Raw materials	**371,542**	338,742
Work in progress	**270,030**	210,440
Finished goods	**329,577**	403,730
	971,149	952,912

The cost of inventories recognised as an expense during the year was HK$3,213,721,000 (2013: HK$3,229,113,000).

24. RECEIVABLES AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**868,804**	892,553
Less: provision for impairment	**(27,864)**	(31,080)
	840,940	861,473
Other receivables, deposits and prepayments	**144,290**	175,514
	985,230	1,036,987

The Group has a policy of allowing an average credit period of 0 to 90 days to its customers.

The following is an analysis of trade receivables by age, presented based on invoice dates.

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**761,876**	808,427
Over 90 days	**79,064**	53,046
	840,940	861,473

24. RECEIVABLES AND PREPAYMENTS (CONT'D)

The ageing analysis of trade receivables that are not impaired is as follows:

	2014 **HK$'000**	2013 HK$'000
Current	**396,988**	591,563
Less than 90 days past due	**435,119**	254,884
Over 90 days past due	**8,833**	15,026
	443,952	269,910
	840,940	861,473

Trade receivables that were neither past due nor impaired related to a wide range of customers that have good payment records.

Trade receivables that were past due but not impaired related to a number of independent customers that have good trade records with the Group. Based on past experience, management believes that there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral over these balances.

The movements in the provision for impairment of trade receivables are as follows:

	2014 **HK$'000**	2013 HK$'000
As at 1 January	**31,080**	59,994
Impairment loss recognised	**10,896**	4,923
Amounts recovered during the year	**(1,149)**	(6,342)
Uncollectible amounts written off	**(11,450)**	(26,634)
Exchange difference	**(1,513)**	(861)
As at 31 December	**27,864**	31,080

The Directors consider that the carrying amounts of trade and other receivables approximate their fair values.

25. CASH AND CASH EQUIVALENTS

	2014 **HK$'000**	2013 *HK$'000*
Bank balances and deposits	**979,200**	767,661
Bank overdrafts *(Note 27)*	**(22,439)**	(2,758)
	956,761	764,903
Bank balances and deposits included in assets classified as held for sale *(Note 39)*	**–**	4,309
	956,761	769,212

Bank balances and deposits carry an average interest rate of 1.04% per annum (2013: 1.42%).

26. PAYABLES AND ACCRUALS

	2014 **HK$'000**	2013 *HK$'000*
Trade payables	**341,545**	392,563
Other payables and accrued charges	**604,746**	696,727
Financial liabilities measured at amortised cost	**946,291**	1,089,290

The following is an analysis of trade payables by age, presented based on invoice dates.

	2014 **HK$'000**	2013 *HK$'000*
0 – 90 days	**328,548**	386,115
Over 90 days	**12,997**	6,448
	341,545	392,563

Included in the other payables is a dividend payable of HK$2,493,000 (2013: HK$6,135,000) due to a non-controlling shareholder of a subsidiary.

The Directors consider that the carrying amounts of trade and other payables approximate their fair values.

27. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Bank loans repayable		
Within 1 year	**106,190**	948,000
Over 1 year but within 2 years	**1,468,858**	116,197
Over 2 years but within 5 years	**1,403,000**	1,363,734
	2,978,048	2,427,931
Bank overdrafts	**22,439**	2,758
	3,000,487	2,430,689
Analysed as:		
Secured	**645,297**	670,492
Unsecured	**2,355,190**	1,760,197
	3,000,487	2,430,689
Carrying amount analysed for reporting purpose as:		
Current	**128,629**	950,758
Non-current	**2,871,858**	1,479,931

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

	2014 HK$'000	2013 HK$'000
Australian dollars	**416,440**	453,880
New Zealand dollars	**155,718**	163,154
Canadian dollars	**106,190**	116,197
Hong Kong dollars	**1,235,000**	630,000
United State dollars	**1,064,700**	1,064,700
	2,978,048	2,427,931

Included in bank loans is a three-year bank loan of approximately HK$57,060,000 (2013: HK$62,190,000), which carries a fixed rate of 6.1% (2013: 6.1%) per annum and will be repayable in April 2016. The remaining bank loans are arranged at floating rates with an effective interest rate of 2.94% (2013: 3.53%) per annum. Bank overdrafts carry an effective interest of 10% (2013: 10%) per annum.

The Directors consider that the carrying amounts of the bank borrowings approximate their fair values.

28. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease obligations payable				
Within 1 year	**398**	793	**346**	758
2 to 5 years	**891**	259	**847**	243
	1,289	1,052	**1,193**	1,001
Less: Future finance charges	**(96)**	(51)	**–**	–
Present value of finance lease obligations	**1,193**	1,001	**1,193**	1,001
Carrying amount analysed for reporting purpose as:				
Current			**346**	758
Non-current			**847**	243

The finance leases are secured on certain property, plant and equipment with average lease terms of 3-5 years.

29. OTHER BORROWINGS

	2014	2013
	HK$'000	*HK$'000*
Loans from substantial shareholders of the Company and their subsidiaries repayable		
Within 1 year	**–**	75,000
Over 1 year but within 2 years	**–**	75,000
Over 2 years but within 5 years	**1,356,000**	981,000
Over 5 years	**–**	225,000
	1,356,000	1,356,000
Carrying amount analysed for reporting purpose as:		
Current	**–**	75,000
Non-current	**1,356,000**	1,281,000

The amounts are unsecured and bearing interest with reference to Hong Kong Inter-bank Offered Rate plus margins ranging from 1.75% to 2.0% (2013: from 1.0% to 2.0%) per annum.

The Directors consider that the carrying amounts of other borrowings approximate their fair values.

30. DEFERRED TAXATION

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

	Accelerated tax depreciation *HK$'000*	Intangible assets *HK$'000*	Loans from non-controlling shareholders *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
The Group						
As at 1 January 2013	25,333	383,685	9,012	(280,025)	(130,350)	7,655
Acquisition of a subsidiary	–	–	–	–	(14,044)	(14,044)
Charge/(credit) to profit or loss	285	39,355	(324)	(55,112)	35,356	19,560
Transfer to assets classified as held for sale	(8,963)	778	(7,428)	11,533	4,000	(80)
Exchange difference	296	(5,533)	(1,260)	2,453	2,074	(1,970)
As at 1 January 2014	**16,951**	**418,285**	**–**	**(321,151)**	**(102,964)**	**11,121**
(Credit)/charge to profit or loss	**(2,341)**	**37,678**	**–**	**(46,837)**	**23,830**	**12,330**
Exchange difference	**244**	**(1,800)**	**–**	**105**	**(4,573)**	**(6,024)**
As at 31 December 2014	**14,854**	**454,163**	**–**	**(367,883)**	**(83,707)**	**17,427**

Other deferred taxation mainly comprises deductible temporary differences arising from certain intercompany interest charges.

The following is the analysis of the deferred tax balances included in the consolidated statement of financial position:

	2014 ***HK$'000***	2013 *HK$'000*
Deferred tax liabilities	**51,194**	42,568
Deferred tax assets	**(33,767)**	(31,447)
	17,427	11,121

At the end of the reporting period, the total unutilised tax losses and tax credits amounted to approximately HK$3,262,953,000 (2013: HK$3,126,104,000). A deferred tax asset of HK$950,486,000 (2013: HK$836,834,000) has been recognised in respect of such losses and credits. No deferred tax asset has been recognised in respect of the remaining HK$2,312,467,000 (2013: HK$2,289,270,000) as it is not possible to predict the trend of future profits to determine the amount of available tax losses and credits to be utilised.

30. DEFERRED TAXATION (CONT'D)

An analysis of the expiry dates of the tax losses and tax credits is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Within 1 to 5 years	**5,096**	35,630
Over 5 years	**1,158,339**	1,087,357
No expiry date	**2,099,518**	2,003,117
	3,262,953	3,126,104

31. SHARE CAPITAL

	Number of shares of HK$0.1 each *'000*	**Nominal value** *HK$'000*
Authorised	15,000,000	1,500,000
Issued and fully paid:		
As at 1 January 2013, 31 December 2013 and 31 December 2014	9,611,073	961,107

32. SHARE OPTION SCHEMES

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

As at 31 December 2014, there were no outstanding options under the Scheme. As at 31 December 2013, the number of shares in respect of options which had been granted and remained outstanding under the Scheme was 3,475,408 shares, representing 0.04% of the share of the Company in issue at that date. The total number of shares in respect of options which may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of options which were granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue of any point in time, without prior approval from the Company's shareholders.

32. SHARE OPTION SCHEMES (CONT'D)

As a result of the rights issue of the Company in May 2006, the subscription prices of the options have also been adjusted. Details of the share options granted and the adjusted share option prices are as follows:

Date of Grant	Number of share options: Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2014	No. of exercisable options as at 31 December 2014	Option period	Adjusted subscription price per share HK$
Year 2014									
19/1/2004	**3,475,408**	**–**	**–**	**(3,475,408)**	**–**	**–**	**–**	**19/1/2005 to 18/1/2014**	**1.568**

Date of Grant	Number of share options: Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2013	No. of exercisable options as at 31 December 2013	Option period	Adjusted subscription price per share HK$
Year 2013									
27/1/2003	3,324,679	–	–	(3,324,679)	–	–	–	27/1/2004 to 26/1/2013	1.286
19/1/2004	3,565,328	–	–	(89,920)	–	3,475,408	3,475,408	19/1/2005 to 18/1/2014	1.568

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

(i) up to 35% of the options in the first year after commencement of the option period;

(ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) in the second year after commencement of the option period; and

(iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) in the third year and thereafter after the commencement of the option period.

33. PLEDGE OF ASSETS

Bank borrowings of HK$645,297,000 (2013: HK$670,492,000) are secured by mortgages over the cash, accounts receivable, inventories, property, plant and equipment, investment properties, vines and intangible assets of subsidiaries with a carrying value of HK$1,365,716,000 (2013: HK$1,452,721,000) as at 31 December 2014.

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

34. OPERATING LEASE COMMITMENT

The leases of the Group are negotiated for a term ranging from one to nineteen years. The minimum lease charges payable as lessee and minimum lease income receivables as lessor by the Group under non-cancellable operating leases in respect of rented premises and vineyards were as follow:

	2014 ***HK$'000***	2013 *HK$'000*
The Group as lessee		
Within 1 year	**55,276**	61,982
2 to 5 years	**156,501**	165,239
Over 5 years	**54,141**	96,858
The Group as lessor		
Within 1 year	**146,619**	135,507
2 to 5 years	**546,896**	443,697
Over 5 years	**479,892**	335,244

35. CAPITAL COMMITMENT

In addition to the capital commitment set out elsewhere in the notes to the consolidated financial statements, the Group has the following capital commitment as at the end of the reporting period:

	2014 ***HK$'000***	2013 *HK$'000*
Capital commitment in respect of the acquisition of plant and equipment, and maintenance of vineyards		
– contracted but not provided for	**48,248**	1,256
– authorised but not contracted for	**–**	27,409

36. RETIREMENT BENEFITS SCHEMES

The principal employee retirement schemes operated by the Group are defined contribution schemes. For Hong Kong employees, contributions are made by either employer only or by both employer and employees at rates ranging from approximately 5% to 10% on employees' salary. For overseas employees, contributions are made by employer at rates ranging from 3% to 10% on employees' salary.

The Group's cost incurred on employees retirement schemes for the year was HK$43,038,000 (2013: HK$43,585,000) and forfeited contribution during the year of HK$751,000 (2013: HK$68,000) was used to reduce the Group's contribution in the year.

37. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments paid or payable to the Company's Directors for the year ended 31 December 2014 were as follows:

Name of Director	Fees *HK$'000*	Basic salaries and allowances *HK$'000*	Bonuses *HK$'000*	Retirement benefits scheme contributions *HK$'000*	**Total emoluments 2014** ***HK$'000***	Total emoluments 2013 *HK$'000*
Li Tzar Kuoi, Victor	75	–	–	–	**75**	75
Kam Hing Lam	75	–	3,500	–	**3,575**	3,075
Ip Tak Chuen, Edmond	75	–	1,800	–	**1,875**	1,575
Yu Ying Choi, Alan Abel	75	7,745	1,908	763	**10,491**	9,906
Chu Kee Hung	75	4,861	1,350	470	**6,756**	7,164
Peter Peace Tulloch	75	–	–	–	**75**	75
Wong Yue-chim, Richard	155	–	–	–	**155**	155
Kwok Eva Lee	180	–	–	–	**180**	180
Colin Stevens Russel	180	–	–	–	**180**	180
	965	12,606	8,558	1,233	**23,362**	22,385

The directors' fees included an amount of HK$75,000 (2013: HK$75,000) for each director and an additional amount of HK$80,000 (2013: HK$80,000) and HK$25,000 (2013: HK$25,000) for each Independent Non-executive Director who is also a member of the audit committee and remuneration committee respectively. Such fees would be proportioned according to the length of services of the directors during the year.

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

None of the Directors waived any emoluments in the year ended 31 December 2014. No incentives were paid/payable by the Group to the Directors as inducement to join or upon joining the Group or as compensation for loss of office.

37. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONT'D)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2013: two) of them are Directors whose emoluments are disclosed in note (a) above. The emoluments of the remaining three (2013: three) are as follows:

	2014 **HK$'000**	2013 HK$'000
Salary and other benefits	**17,088**	13,454
Bonus	**4,001**	3,482
Retirement benefits scheme contributions	**657**	802
	21,746	17,738

Their emoluments were within the following bands:

	2014 **Number of Employees**	2013 Number of employees
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,500,001 to HK$6,000,000	**1**	1
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,000,001 to HK$7,500,000	**–**	1
HK$9,000,001 to HK$9,500,000	**1**	–
	3	3

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

38. PURCHASE OF A SUBSIDIARY

Acquisition of Cheetham Salt Limited ("Cheetham") in 2013

The fair values of assets and liabilities acquired in the transaction were as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	651,676
Intangible assets	39,592
Interests in joint ventures	387,131
Inventories	141,631
Receivables and prepayments	124,199
Bank balances and deposits	43,304
Deferred taxation	14,044
Payables and accruals	(148,046)
Taxation	(1,802)
Total consideration	1,251,729
Net cash outflow arising from acquisition:	
Cash consideration	1,251,729
Bank balances and deposits acquired	(43,304)
	1,208,425

In February 2013, the Group completed the acquisition of the entire interests in Cheetham from an independent third party at a cash consideration of approximately HK$1,251,729,000 (the "Acquisition"). Cheetham is a limited liability company incorporated under the laws of Australia and is principally engaged in the business of the production, refining and distribution of salt products for both food production and industrial applications throughout Australia, New Zealand and various parts of Asia.

The fair value of receivables and prepayments at the date of acquisition amounted to HK$124,199,000, which approximate their gross contractual amounts and were not expected to be uncollectible based on the best estimation at the acquisition date.

The subsidiary acquired during 2013 contributed HK$673,738,000 to the Group's turnover and a contribution of HK$87,273,000 to profit attributable to shareholders of the Company.

If the Acquisition had been completed on 1 January 2013, the total Group turnover for 2013 would have been HK$5,088,913,000 and profit for 2013 would have been HK$241,759,000. The pro forma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

39. DISPOSAL OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE

On 19 December 2013, the Group, together with Gotak Investment Limited ("Gotak"), entered into a sale and purchase agreement with an independent third party to dispose of their respective interests in AquaTower Pty Ltd ("AquaTower"), of which 51% was held by the Group and 49% was held by Gotak. AquaTower is a limited liability company incorporated under the laws of Australia and is principally engaged in water business in Australia. Gotak is an indirect wholly-owned subsidiary of Cheung Kong Infrastructure Holdings Limited, which is the associate of the substantial shareholder of the Company, Cheung Kong (Holdings) Limited. The transaction was completed in June 2014.

The major classes of assets and liabilities of AquaTower were as follows:

	HK$'000
(a) At the date of disposal	
Net assets disposed of:	
Property, plant and equipment	636
Intangible assets – concession assets	55,744
Inventories	983
Receivables and repayments	1,476
Bank balances and deposits	10,554
Payables and other liabilities	(7,465)
Deferred taxation	(1,073)
	60,855
Non-controlling interests	(33,084)
	27,771
Release of translation reserve	728
Gain on disposal	1,712
Sale proceeds received	30,211
Net cash inflow arising on disposal:	
Cash consideration received by the Group	30,211
Less: bank balances and deposits disposed of	(10,554)
	19,657

39. DISPOSAL OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE (CONT'D)

		HK$'000
(b)	**As at 31 December 2013**	
	Property, plant and equipment	686
	Intangible assets – concession assets	55,139
	Inventories	919
	Receivables and repayments	2,356
	Bank balances and deposits	4,309
	Assets classified as held for sale	63,409
	Payables and other liabilities	(7,619)
	Loans from non-controlling shareholders of a subsidiary	(28,328)
	Deferred taxation	(80)
	Liabilities associated with assets classified as held for sale	(36,027)

40. SEGMENT INFORMATION

The Group's reportable segments and other information required under HKFRS 8 are summarised as follows:

(a) Reportable segment information

	Agriculture-related		Health		Investment		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**2,216,803**	2,208,118	**2,730,524**	2,756,217	**6,716**	6,592	**–**	–	**4,954,043**	4,970,927
Segment results	**323,394**	338,412	**386,557**	407,208	**24,752**	17,485	**–**	–	**734,703**	763,105
Business development expenditure									**(20,013)**	(49,791)
Research and development expenditure									**(190,823)**	(225,503)
Corporate expenses									**(93,171)**	(80,129)
Finance costs									**(109,566)**	(103,953)
Profit before taxation									**321,130**	303,729
Taxation									**(48,378)**	(69,183)
Profit for the year									**272,752**	234,546
Other information										
Amortisation of intangible assets	**(9,781)**	(15,153)	**(34,490)**	(35,497)	**–**	–	**–**	–	**(44,271)**	(50,650)
Depreciation	**(48,069)**	(44,547)	**(36,604)**	(36,648)	**–**	–	**(7,359)**	(4,652)	**(92,032)**	(85,847)
Net recovery of/(impairment of) trade receivables	**872**	(3,424)	**(10,619)**	4,843	**–**	–	**–**	–	**(9,747)**	1,419
Unrealised gain on fair value changes of investment properties	**91,765**	3,041	**–**	–	**–**	–	**–**	–	**91,765**	3,041
Unrealised (loss)/gain on fair value changes of vines	**(91,174)**	6,861	**–**	–	**–**	–	**–**	–	**(91,174)**	6,861
Reversal of revaluation deficit of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	33,873	**–**	33,873
Net recovery of impairment of intangible assets	**3,356**	1,969	**–**	–	**–**	–	**–**	–	**3,356**	1,969
Net recovery of impairment of other receivables	**–**	–	**18,481**	27,193	**–**	–	**–**	–	**18,481**	27,193
Inventories written off	**(10,528)**	(15,122)	**(6,284)**	(16,530)	**–**	–	**–**	–	**(16,812)**	(31,652)
Impairment of available-for-sale investments	**–**	–	**–**	–	**–**	(2,229)	**–**	–	**–**	(2,229)
Gain on disposal of a subsidiary classified as held for sale	**1,712**	–	**–**	–	**–**	–	**–**	–	**1,712**	–
Loss on disposal of associates	**(12,361)**	–	**–**	–	**–**	–	**–**	–	**(12,361)**	–

40. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

Turnover is analysed by the Group's sales by geographical market while the carrying amount of non-current assets is analysed by the geographical area in which the assets are located.

	Turnover *(note i)*		**Non-current assets** *(note ii)*	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia Pacific	**3,064,216**	3,146,709	**4,054,642**	3,997,868
North America	**1,883,111**	1,817,626	**2,893,884**	3,014,168
	4,947,327	4,964,335	**6,948,526**	7,012,036

Notes:

i. Turnover excluding investment income generated from financial instruments.

ii. Non-current assets excluding financial instruments and deferred tax assets.

The countries where the Group companies domiciled include China (including Hong Kong), Australia, New Zealand, USA and Canada.

There are no material sales of the Group (excluding investment income generated from financial instruments) which attribute to the countries other than those the Group companies domiciled. There are no material non-current assets (excluding financial instruments and deferred tax assets) which are located in the countries other than those the Group companies domiciled.

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the notes to the consolidated financial statements, the Group entered into the following significant transactions with related parties during the year:

(i) The Group made sales of HK$21,402,000 (2013: HK$23,075,000) to Hutchison International Limited ("HIL") group. HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited which is the associate of a substantial shareholder of the Company, Cheung Kong (Holdings) Limited.

(ii) The Group leased certain properties from Leknarf Associates LLC ("Leknarf") which is an associate of a non-controlling shareholder of a non-wholly owned subsidiary company, Vitaquest International Holdings LLC. The total rental payment by the Group to Leknarf amounted to HK$17,598,000 (2013: HK$17,253,000).

(iii) The Group has engaged Challenger Management Services Limited ("CMSL") as a manager of its vineyard portfolio held in Australia and New Zealand. CMSL is a fellow subsidiary of the non-controlling shareholder of a non-wholly owned subsidiary company, Belvino Investments Trust. According to the management deed, CMSL is entitled to charge the Group management fees calculated at certain agreed ratios on the total gross income, capital acquisition costs and total assets of certain subsidiaries. During the year, management fees of HK$12,486,000 (2013: HK$11,794,000) were incurred.

(iv) The Group made sales of HK$111,647,000 (2013: HK$102,543,000) to and purchases of HK$18,559,000 (2013: HK$14,328,000) from the joint ventures of Cheetham Salt Limited, a wholly-owned subsidiary of the Company during the year.

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2014 HK$'000	2013 HK$'000
Non-current asset		
Investments in subsidiaries	**2,523,848**	2,523,848
Current assets		
Receivables and prepayments	**3,730**	2,800
Amounts due from subsidiaries	**2,954,482**	2,954,482
Bank balances and deposits	**65**	63
	2,958,277	2,957,345
Current liabilities		
Payables and accruals	**(2,226)**	(2,866)
Amounts due to subsidiaries	**(745,253)**	(649,860)
	(747,479)	(652,726)
Net current assets	**2,210,798**	2,304,619
Net assets	**4,734,646**	4,828,467
Share capital and reserves		
Share capital *(Note 31)*	**961,107**	961,107
Share premium and reserves	**3,773,539**	3,867,360
Total equity	**4,734,646**	4,828,467

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

The movements in share premium and reserves are as follows:

	2014	2013
	HK$'000	*HK$'000*
As at 1 January	**3,867,360**	3,952,993
Results for the year	**(26,543)**	(27,967)
Dividends paid to the shareholders	**(67,278)**	(57,666)
As at 31 December	**3,773,539**	3,867,360

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements set out on pages 52 to 132 were approved and authorised for issue by the Board of Directors on 24 February 2015.

Principal Subsidiaries

APPENDIX I

The Directors are of the opinion that a complete list of the particulars of all the subsidiaries will be of excessive length and as such, the following list contains only those principal subsidiaries. They are all indirect subsidiaries.

	Name	Place of incorporation	Issued ordinary share capital/ registered capital*	Effective percentage held by the Company indirectly 2014	2013	Principal activities
	Accensi Pty Ltd	Australia	A$100	**100**	100	Manufacturing and marketing of plant protection products and soluble fertilisers
	Amgrow Pty Limited	Australia	A$1	**100**	100	Blending and distribution of fertilisers, manufacturing and distribution of horticultural products for the home gardening market, distribution of pesticides, and distribution of turf management products and provision of related services
	Ample Castle Limited	British Virgin Islands	US$1	**100**	100	Financing
	AquaTower Pty Ltd	Australia	A$2	**–**	51	Water treatment
	ATR Property Investments Pty Ltd	Australia	A$100	**100**	100	Holding land and building
	Avandia Holdings Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
	Barmac Pty Ltd	Australia	A$7,802	**100**	100	Manufacturing and sale of fertilisers, pesticides and related agricultural products, the licensing of registration activities and the importation of finished agricultural goods
	Belvino Investments Pty Limited	Australia	A$1,000	**72.30**	72.30	Trustee
@	Belvino Investments Trust	Australia	N/A	**72.26**	72.26	Investment in vineyards
	Biocycle Resources Limited	British Virgin Islands	US$1	**100**	100	Trading of biotechnology products

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital/ registered capital*	Effective percentage held by the Company indirectly 2014	2013	Principal activities
Bofanti Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
Cattleya Investment Limited	British Virgin Islands	US$1	**100**	100	Financing
Cheetham Salt Limited	Australia	A$150,405,535	**100**	100	Production, refining and distribution of salt products
CK Biotech Laboratory Limited	Hong Kong	HK$2	**100**	100	Research and development
CK Life Sciences Int'l., Inc.	British Virgin Islands	US$1	**100**	100	Products commercialisation
CK Life Sciences Limited	Hong Kong	HK$10,000,000	**100**	100	Applied research, production, product development and commercialisation
Cupito Limited	British Virgin Islands	US$1	**100**	100	Financing
Dimac Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
Dunvar Investments Pty Ltd	Australia	A$100	**100**	100	Investment in vineyards
Equipment Solutions Pty Ltd	Australia	A$100	**100**	100	Distribution of professional turf management machinery, hardware, equipment and accessories
Fertico Pty Limited	Australia	A$4,000,100	**100**	100	Blending and distribution of fertilisers
Globe Australia Pty Ltd	Australia	A$9	**100**	100	Distribution of turf fertilisers and chemicals, and professional pest products
Growam Investments Pty Limited	Australia	A$10	**100**	100	Holding land and building
Joyful World Global Limited	British Virgin Islands	US$1	**100**	–	Financing
Lincore Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments

APPENDIX I (CONT'D)

	Name	Place of incorporation	Issued ordinary share capital/ registered capital*	Effective percentage held by the Company indirectly 2014	2013	Principal activities
	Lipa Pharmaceuticals Limited	Australia	A$17,943,472.62	**100**	100	Contract manufacturing of complementary healthcare medicines and production of non-sterile prescription and over-the-counter medicines
	Marigold Investments Limited	Hong Kong	HK$1	**100**	100	Financing
#	Nanjing Green Venture EcoSciences Inc.	Mainland China	US$2,009,252*	**100**	100	Trading of biotechnology products
#	Nanjing Green Vision EcoSciences Inc.	Mainland China	US$300,000*	**100**	100	Trading of biotechnology products
	NutriSmart Australia Pty Ltd	Australia	A$1	**100**	100	Supplier of raw materials in nutritional health, pharmaceutical, cosmetics, personal care and food segments
	Optigen Ingredients Pty Ltd	Australia	A$200	**100**	–	Supplier of raw materials in nutritional health, pharmaceutical, cosmetics, personal care and food segments
	Panform Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
Δ	Polynoma LLC	USA	N/A	**86.67**	81.85	Discovery, development, manufacturing and commercialisation of drug products to treat Melanoma
	Quest Pharmaceuticals Pty Ltd	Australia	A$100	**100**	100	Contract manufacturer of cosmetics and pharmaceutical products
	QWIL Investments (NZ) Pty Limited	New Zealand	NZ$1	**100**	100	Investment in vineyards

APPENDIX I (CONT'D)

	Name	Place of incorporation	Issued ordinary share capital/ registered capital*	Effective percentage held by the Company indirectly 2014	2013	Principal activities
	QWIL Investments Pty Ltd	Australia	A$100	**100**	100	Investment in vineyards
	Renascence Therapeutics Limited	Hong Kong	HK$100	**71**	71	Provision of services in the research and development of bio-technology and life sciences technology products
	Santé Naturelle A.G. Ltee	Canada	CAD4,716,310	**100**	100	Manufacturing, wholesaling, retailing and distribution of nutraceutical products
	Smart Court Investments Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
	Turrence Limited	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
	UTR Investments Pty Limited	Australia	A$100	**100**	100	Holding land and building
	Vital Care Hong Kong Limited	Hong Kong	HK$2	**100**	100	Trading of biotechnology products and nutritional supplements
Δ	Vitaquest International Holdings LLC	USA	N/A	**94.24**	89.74	Supply and manufacturing of nutritional supplements
	Wealth Target Development Inc.	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
	Wex Pharmaceuticals Inc.	Canada	CAD107,520,175	**100**	100	Discovery, development, manufacturing and commercialisation of innovative drug products to treat pain

Note: All of the above subsidiaries are limited liability entities. None of the subsidiaries had issued any debt.

APPENDIX I (CONT'D)

The principal areas of operations of the above companies were the same as the place of incorporation except the following:

Name	Area of operations
Ample Castle Limited	Asia
Avandia Holdings Limited	Asia
Biocycle Resources Limited	Australia, Asia and America
Bofanti Limited	Asia and Europe
Cattleya Investment Limited	Asia
CK Life Sciences Int'l., Inc.	Australia, Asia, Europe and America
Cupito Limited	Asia
Dimac Limited	Asia and America
Joyful World Global Limited	Asia
Lincore Limited	Europe
Panform Limited	Asia and Europe
Smart Court Investments Limited	Europe
Turrence Limited	Asia
Wealth Target Development Inc.	Asia

@ There are total 237,510, 328 ordinary units issued under Belvino Investments Trust, in which 171,617,773 units are held by the Group.
# Foreign investment enterprise registered in Mainland China.
Δ Polynoma LLC and Vitaquest International Holdings LLC did not have any issued or registered capital. However, the Company held 86.67% and 94.24% interest in their common voting rights respectively.

APPENDIX II

The Directors are of the opinion that a complete list of the particulars of all the associates and joint ventures will be of excessive length and as such, the following list contains only the principal associate and joint ventures.

	Name	Effective percentage of capital held by the Company indirectly 2014	2013	Principal activities	Place of operation
	Associate				
#	Jiangsu Technology Union Eco-fertilizer Limited	**–**	25	Trading of biotechnology products	Mainland China
	Joint ventures				
	Cerebos Skellerup Limited	**49**	49	Marketing of salt products	New Zealand
	Dominion Salt Ltd	**50**	50	Production and distribution of salt products	New Zealand
	Dominion Salt (N.I.) Limited	**50**	50	Production and distribution of salt products	New Zealand
	Salpak Pty Ltd	**49**	49	Marketing of salt products	Australia
	Western Salt Refinery Pty Ltd	**50**	50	Production and distribution of salt products	Australia

\# The company was a sino-foreign equity joint venture registered in Mainland China and was disposed of during the year.

Schedule of Major Investment Properties

APPENDIX III

Description	Location	Existing Land Use	Land Title
Australia			
Balranald Vineyard	Balranald, New South Wales	Vineyard	Freehold
Bussorah Vineyard	Padthaway, South Australia	Vineyard	Freehold
Cocoparra and Woods Vineyard	Griffith, New South Wales	Vineyard	Freehold
Dalmeny Vineyard	Padthaway, South Australia	Vineyard	Freehold
Del Rios Vineyard	Kenley, Victoria	Vineyard	Freehold
Dunvar Vineyard	Darlington Point, New South Wales	Vineyard	Freehold
Lionels Vineyard	Kaloorup, Western Australia	Vineyard	Freehold
Miamba Vineyard	Lyndoch, South Australia	Vineyard	Freehold
Old Land Vineyard	Anniebrook, Western Australia	Vineyard	Freehold
Qualco East Vineyard	Qualco, South Australia	Vineyard	Freehold
Qualco West Vineyard	Qualco, South Australia	Vineyard	Freehold
Rowe Road Vineyard	Witchcliffe, Western Australia	Vineyard	Freehold
Schuberts Vineyard	Lobethal, South Australia	Vineyard	Freehold
Sirens Vineyard	Forest Grove, Western Australia	Vineyard	Freehold
Stephendale Vineyard	Yenda, New South Wales	Vineyard	Freehold
White Road Vineyard	Griffith, New South Wales	Vineyard	Freehold
Whitton Vineyard	Whitton, New South Wales	Vineyard	Freehold
New Zealand			
Claim Vineyard	Bendigo, Central Otago	Vineyard	Freehold
Crownthorpe Vineyard	Matapiro, Hawkes Bay	Vineyard	Freehold
Dashwood Vineyard	Dashwood, Marlborough	Vineyard	Freehold
Deans Vineyard	Broomfield, Waipara	Vineyard	Freehold
Home Vineyard	Amberley, Waipara	Vineyard	Freehold
Mound Vineyard	Amberley, Waipara	Vineyard	Freehold
Northbank Vineyard	Onamalutu, Marlborough	Vineyard	Freehold
Rarangi Vineyard	Rarangi, Marlborough	Vineyard	Freehold
Woolshed Vineyard	Renwick, Marlborough	Vineyard	Freehold

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2014. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Chief Executive Officer.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	• The Board meets regularly and held meetings in February, May, July and November of 2014. • Directors' attendance records in 2014 are as follows: **Members of the Board** — **Attendance** **Executive Directors** LI Tzar Kuoi, Victor *(Chairman)* 4/4 KAM Hing Lam *(President and Chief Executive Officer)* 4/4 IP Tak Chuen, Edmond 3/4 YU Ying Choi, Alan Abel 4/4 CHU Kee Hung 4/4 **Non-executive Directors** Peter Peace TULLOCH *(Non-executive Director)* 4/4 WONG Yue-chim, Richard *(Independent Non-executive Director)* 3/4 KWOK Eva Lee *(Independent Non-executive Director)* 4/4 Colin Stevens RUSSEL *(Independent Non-executive Director)* 4/4 • The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) or proxies in accordance with the Company's Articles of Association. An updated and consolidated version of the Company's Memorandum and Articles of Association (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). The Company's constitutional documents were amended during the year 2014.
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	• All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.3	– At least 14 days notice for regular board meetings – Reasonable notice for other board meetings	C C	• Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. • At least 14 days formal notice would be given before each regular meeting.
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	• The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. • Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. – Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting	C C	• Minutes record in sufficient detail the matters considered by the Board/ Board Committees and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense – The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.	C C	• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. – Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.	C C	• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. • Director must declare his/her interest in the matters to be passed in the resolution, if applicable. • If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	• The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2002 including the year 2014/2015.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td colspan="4">A.2 Chairman and Chief Executive
Corporate Governance Principle
There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer of the Company to ensure a balance of power and authority.</td></tr>
<tr><td>A.2.1</td><td>– Separate roles of chairman and chief executive not to be performed by the same individual
– Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</td><td>C
C</td><td>• The positions of the Chairman of the Board and the Chief Executive Officer are currently held by separate individuals.
• The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Chief Executive Officer, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</td></tr>
<tr><td>A.2.2</td><td>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</td><td>C</td><td>• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.
• In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2014. Attendance records of the meetings are as follows:
<table><tr><th></th><th>Attendance</th></tr><tr><td>Chairman</td><td></td></tr><tr><td>LI Tzar Kuoi, Victor</td><td>2/2</td></tr><tr><td>Non-executive Director</td><td></td></tr><tr><td>Peter Peace TULLOCH</td><td>2/2</td></tr><tr><td>Independent Non-executive Directors</td><td></td></tr><tr><td>WONG Yue-chim, Richard</td><td>2/2</td></tr><tr><td>KWOK Eva Lee</td><td>2/2</td></tr><tr><td>Colin Stevens RUSSEL</td><td>2/2</td></tr></table></td></tr>
<tr><td>A.2.3</td><td>The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.</td><td>C</td><td>• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.
• Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.4	– The chairman to provide leadership for the board – The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.	C C C	• The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in February, May, July and November of 2014. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
A.2.6	– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.	C C	• Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	• In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2014. Please refer to A.2.2 above for the attendance records.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	**Board composition** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Director and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of nine Directors, comprising five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 174. • The Directors' biographical information and the relationships among the Directors are set out on pages 28 to 30. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	• The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which will be revised from time to time where necessary. The Company has also posted on its website and the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. – Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C C	• In accordance with the Company's Articles of Association, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment. • The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. • All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code. • The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published the procedures for shareholders to propose a person for election as a Director on its website.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	C C	• Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company had expressed its view in the circular for the 2015 Annual General Meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As her relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.5	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
A.5.1 – A.5.4	– The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. – The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.	E	• The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.1 – A.5.4 (cont'd)	– It should perform the following duties: (a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy; (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; (c) assess the independence of independent non-executive directors; and (d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive. – The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website. – The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.		• At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer. • The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.5	Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.	C	• Please refer to A.4.3 above for the details.
A.5.6	The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	C	• In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and has made it available on the Company's website. • In the Board Diversity Policy: 1. The Company recognises the benefits of having a Board that has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. 2. The Company maintains that appointments to the Board should be based on merit that complements and expands the skills and experience of the Board as a whole, and after due regard to factors which include but not limited to gender, age, cultural and educational background, and/or professional experience, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board. 3. The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's businesses, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company, in particular, for the Chairman of the Board and the Chief Executive Officer. • Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board. • The Board has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6	**Responsibilities of directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	The functions of non-executive directors include:		• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.
	– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings	C	
	– take the lead on potential conflicts of interests	C	
	– serve on the audit, remuneration, nomination and other governance committees, if invited	C	
	– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting	C	

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.3	Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.	C	• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his area of knowledge and expertise, and his/her global perspective.
A.6.4	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	• The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 8 September 2008 for replacing the comparable model code adopted by the Company while it was listed on the Growth Enterprise Market of the Stock Exchange. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. • Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 2014. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Personnel Manual of the Company. • Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the new requirements set out in Part XIVA of the Securities and Futures Ordinance that came into effect on 1 January 2013. Such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company in December 2012.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	C	• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. • The Directors have provided to the Company their records of continuous professional development during the year 2014. • During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities. The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means: (1) Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; (2) Participation in continuous professional training seminars/ conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and (3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.5 (cont'd)			• Records of the Directors' training during 2014 are as follows: **Members of the Board** — **Training received** **Executive Directors** LI Tzar Kuoi, Victor *(Chairman)* — (1) & (3) KAM Hing Lam *(President and Chief Executive Officer)* — (1), (2) & (3) IP Tak Chuen, Edmond — (1) & (3) YU Ying Choi, Alan Abel — (1) & (2) CHU Kee Hung — (1) & (2) **Non-executive Directors** Peter Peace TULLOCH *(Non-executive Director)* — (1) & (2) WONG Yue-chim, Richard *(Independent Non-executive Director)* — (1) & (3) KWOK Eva Lee *(Independent Non-executive Director)* — (1) & (2) Colin Stevens RUSSEL *(Independent Non-executive Director)* — (1) & (2)
A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	• The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	• There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	• Please refer to A.6.7 above.
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
A.7.1	– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meetings – As far as practicable for other board or board committee meetings	C C	• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.7.2	– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.	C C	• The Company Secretary and the Vice President, Finance attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided, as appropriate.
A.7.3	– All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible.	C C	• Please refer to A.7.1 and A.7.2 above.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	• The Remuneration Committee has consulted the Chairman and/or the Chief Executive Officer about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information. • The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.

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<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>B.1.2</td><td>The remuneration committee's terms of reference should include:
– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy
– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives
– either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management
– recommend to the board on the remuneration of non-executive directors
– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group
– review and approve compensation payable on loss or termination of office or appointment
– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct
– ensure that no director or any of his associates is involved in deciding his own remuneration</td><td>C</td><td>• The Company established its remuneration committee ("Remuneration Committee") on 1 January 2005. A majority of the members are Independent Non-executive Directors.
• The Remuneration Committee comprises the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, and two Independent Non-executive Directors, namely, Mrs. Kwok Eva Lee (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.
• The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
• The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors.
• Since the publication of the Annual Report 2013 in April 2014, meetings of the Remuneration Committee were held in November 2014 and January 2015. Attendance records of the members of the Remuneration Committee are as follows:
<table><tr><th>Members of the Remuneration Committee</th><th>Attendance</th></tr><tr><td>KWOK Eva Lee (Chairman of the Remuneration Committee)</td><td>2/2</td></tr><tr><td>LI Tzar Kuoi, Victor</td><td>2/2</td></tr><tr><td>Colin Stevens RUSSEL</td><td>2/2</td></tr></table>• The following is a summary of the work of the Remuneration Committee during the said meetings:
1. Review the remuneration policy for 2014/2015;
2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;
3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review;
4. Review and approve the remuneration of Non-executive Directors; and
5. Review the annual bonus policy.
• No Director or any of his/her associates is involved in deciding his/her own remuneration at the meetings of the Remuneration Committee held in November 2014 and January 2015.</td></tr>
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	• The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	• The Personnel Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 37 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	• Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.3	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.	C	• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code.
	– There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements.	C	• With the assistance of the Company's Finance Department which is under the supervision of the Vice President, Finance who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.
	– Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.	C	• The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 50 and 51.
	– Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	N/A	
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	• The Board has included the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2014.
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. • The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	**Internal controls** ***Corporate Governance Principle*** *The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.*		
C.2.1	– Directors to review the effectiveness of the company's and its subsidiaries' internal control systems at least annually and to report that they have done so in the Corporate Governance Report – The review should cover all material controls, including financial, operational and compliance controls and risk management functions.	C C	• The Board, through the audit committee of the Company ("Audit Committee"), has conducted an annual review of the effectiveness of the system of internal control of the Company and its subsidiaries and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls as set forth in the CG Code. • The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's internal control system includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. ***Organisational Structure*** • An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. ***Authority and Control*** • The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. ***Budgetary Control and Financial Reporting*** • Budgets are prepared and are subject to the approval of the Executive Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors. • Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations. ***Internal Audit*** • The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions. The results of internal audit reviews and corresponding remedial actions taken are reported to the senior management and Audit Committee periodically. The annual work plan of the Internal Audit Department focuses on those areas of the Group's activities with significant perceived risks and the plan is reviewed and endorsed by the Audit Committee.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.2	The board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	• The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function at the Board meeting held in February 2015 and noted that the Company has been in compliance with the Code Provision for the year 2014. Please also refer to C.3.3 below.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
C.3.1	– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting.	C C	• Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in February and July of 2014. Attendance records of members of the Audit Committee are as follows: **Members of the Audit Committee** — **Attendance** WONG Yue-chim, Richard *(Chairman of the Audit Committee)* — 2/2 KWOK Eva Lee — 2/2 Colin Stevens RUSSEL — 2/2 • The following is a summary of the work of the Audit Committee during 2014: 1. Review the financial reports for 2013 annual results and 2014 interim results; 2. Review the findings and recommendations of the Internal Audit Department on the work of various divisions/departments and related companies; 3. Review the effectiveness of the internal control system; 4. Review the external auditor's audit findings; 5. Review the auditor's remuneration; 6. Review the risks of different business units and analysis thereof provided by the relevant business units; 7. Review the control mechanisms for such risks and advising on action plans for improvement of the situations; 8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and 9. Perform the corporate governance functions and review the corporate governance policies and practices. • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 24 February 2015 that the internal control system was adequate and effective.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.1 (cont'd)			• On 24 February 2015, the Audit Committee met to review the Group's 2014 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2014 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31 December 2014. • The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditor for 2015 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2015 annual general meeting. • The Group's Annual Report for the year ended 31 December 2014 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the committee for 1 year from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.
C.3.3	The audit committee's terms of reference should include: – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement – review and monitor external auditor's independence and objectivity and effectiveness of audit process – review of the company's financial information – oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function	C	• The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	• The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 26 June 2002 with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. • In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. • 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, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. • The 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. The Audit Committee held two meetings in 2014.
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	• The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2015. • For the year ended 31 December, 2014 the external auditor of the Company received approximately HK$14,515,000 for audit services and approximately HK$2,443,000 for non-audit services, comprising tax compliance and advisory services of approximately HK$1,834,000 and other services of approximately HK$609,000.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.7	The terms of reference of the audit committee should also require it: – to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and – to act as the key representative body for overseeing the company's relations with the external auditor.	C C	• The terms of reference of the Audit Committee were revised with effect from 1 January 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. • The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's Personnel Manual and posted on the Company's website. • The Company has issued a Personnel Manual to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Personnel Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	• Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 168. • For matters or transactions of a material nature, the same will be referred to the Board for approval. • For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations. • Specifically, the Board has had in place Guidelines for Treasury Investments stating the authority limits of treasury investments under different scenarios beyond which Board approval will be required.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	• The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • Under the leadership of the Chief Executive Officer, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	• Please refer to the Management Structure Chart set out on page 168.
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	• In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	• Two Board Committees, namely, Audit Committee and Remuneration Committee, have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	• Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3	**Corporate Governance Functions**		
D.3.1	The terms of reference of the board (or a committee or committees performing this function) should include: – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.	C	• The terms of reference of the Audit Committee were revised with effect from 1 January 2012 to include the following corporate governance functions delegated by the Board: 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in February 2015, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.
D.3.2	The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.	C	• The Board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1 January 2012 to include the corporate governance functions delegated by the Board.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td colspan="4">E. COMMUNICATION WITH SHAREHOLDERS</td></tr>
<tr><td colspan="4">E.1 Effective communication
Corporate Governance Principle
The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</td></tr>
<tr><td>E.1.1</td><td>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</td><td>C</td><td>• Separate resolutions are proposed at the general meetings of the Company for each substantially separate issue, including the election of individual Directors.</td></tr>
<tr><td>E.1.2</td><td>– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting.

– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.</td><td>C

C

C</td><td>• In 2014, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions.
• Directors' attendance records of the 2014 annual general meeting are as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td colspan="2">Executive Directors</td></tr>
<tr><td>LI Tzar Kuoi, Victor (Chairman of the Board)</td><td>1/1</td></tr>
<tr><td>KAM Hing Lam</td><td>1/1</td></tr>
<tr><td>IP Tak Chuen, Edmond</td><td>1/1</td></tr>
<tr><td>YU Ying Choi, Alan Abel</td><td>1/1</td></tr>
<tr><td>CHU Kee Hung</td><td>1/1</td></tr>
<tr><td colspan="2">Non-executive Directors</td></tr>
<tr><td>Peter Peace TULLOCH (Non-executive Director)</td><td>1/1</td></tr>
<tr><td>WONG Yue-chim, Richard (Independent Non-executive Director) (Chairman of the Audit Committee)</td><td>1/1</td></tr>
<tr><td>KWOK Eva Lee (Independent Non-executive Director) (Chairman of the Remuneration Committee)</td><td>1/1</td></tr>
<tr><td>Colin Stevens RUSSEL (Independent Non-executive Director)</td><td>1/1</td></tr>
</table>
• In 2014, the Company's external auditor attended the annual general meeting and was available to answer questions.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	• The Company's notice to shareholders for the 2014 annual general meeting of the Company was sent at least 20 clear business days before the meeting.
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	• In March 2012, the Board established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of extraordinary general meetings and making enquiries to the Company are as follows: 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Articles of Association of the Company ("Articles") set out the rights of shareholders. 2. Any two or more shareholders holding not less than one-tenth of the paid-up capital of the Company or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Articles, request the Board to convene an extraordinary general meeting pursuant to Article 72 of the Articles. The objects of the meeting must be stated in the written requisition which must be signed by the requisitionist(s) and deposited at the principal office of the Company in Hong Kong. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 3. Pursuant to Article 120 of the Articles, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice of his/her intention to propose such person for election as a Director with the Company Secretary during a period, as may from time to time be designated by the Company, of at least seven days, which shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 4. In conducting a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for each share registered in his/her/its name in the register. On a poll a shareholder entitled to more than one vote is under no obligation to cast all his/her votes in the same way.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (cont'd)			5. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Article 167 of the Articles. 6. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 7. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
E.2	**Voting by poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
E.2.1	The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	C	• At the 2014 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. • At the 2014 annual general meeting, the Chairman of the meeting exercised his power under the Company's Articles of Association to put each resolution set out in the notice to be voted by way of a poll. • Representatives of the Branch Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2014 annual general meeting. • Since the Company's 2004 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll. • Poll results were posted on the websites of the Company and HKEx.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters and should also facilitate induction and professional development of Directors.*		
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	• The Company has appointed an employee of the Company to be the Company Secretary of the Company since 2002. • The Company Secretary ensures the effective conduct of Board meetings and that Board procedures are duly followed. • The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary also advises on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board fully abreast of all legislative, regulatory and corporate governance developments.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	• The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	• Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer of the Company to ensure a balance of power and authority.*		
There is no recommended best practice under Section A.2 in the CG Code.			
A.3	**Board composition** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
There is no recommended best practice under Section A.3 in the CG Code.			
A.4	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
There is no recommended best practice under Section A.4 in the CG Code.			
A.5	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
There is no recommended best practice under Section A.5 in the CG Code.			
A.6	**Responsibilities of directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section A.6 in the CG Code.			

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
There is no recommended best practice under Section A.7 in the CG Code.			
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	• The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2014, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 37 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 37 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
B.1.9	The board should conduct a regular evaluation of its performance.	E	• The performance of the Board is best reflected by the Company's results during the year.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.6 – C.1.7	– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. – Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.	E	• The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. • Please refer to C.1.6 above for details.

<table>
<tr><th>Recommended Best Practice Ref.</th><th>Recommended Best Practices</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td colspan="4">C.2 Internal controls

Corporate Governance Principle

The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.</td></tr>
<tr><td>C.2.3</td><td>The board's annual review should, in particular, consider:
– the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment;
– the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;
– the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;
– significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and
– the effectiveness of the company's processes for financial reporting and Listing Rule compliance.</td><td>C
C
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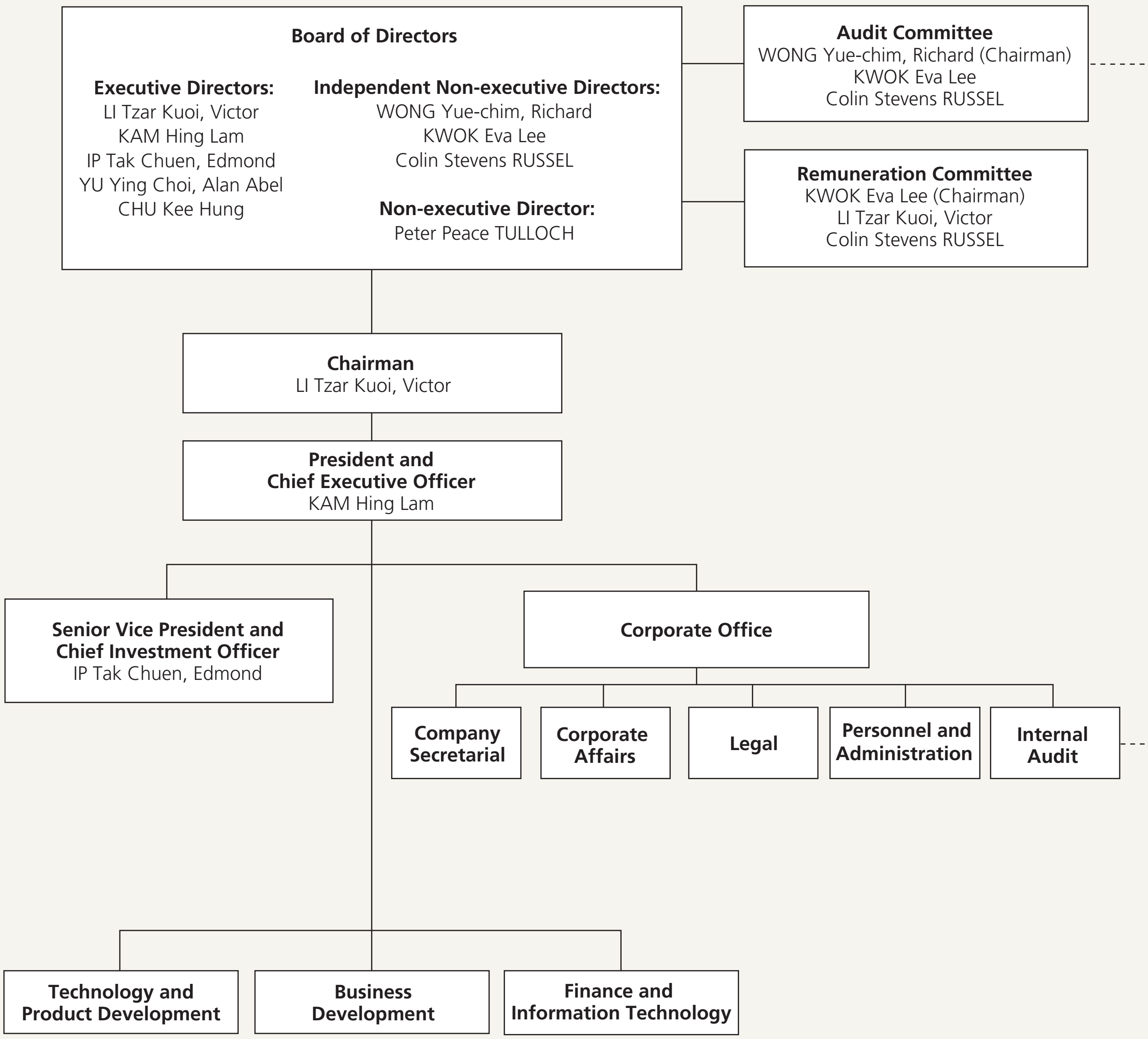
C</td><td>• The Board, through the Audit Committee, reviews annually the effectiveness of internal control system of the Company and its subsidiaries, such review considers:
– the changes in the significant risks since the last review, and the Company's ability to respond to changes in its business and the external environment;
– the management's ongoing monitoring of risks and the system of internal control, and the work of the internal audit function;
– the communication of the monitoring results to the Board that enables it to build up a cumulative assessment of the state of control in the Company and the effectiveness of the risk management;
– any incidence of significant control failings or weaknesses identified and the extent to which they have caused unforeseeable outcomes or contingencies that had or might have material impact on the Company's financial performance or condition; and
– the effectiveness of the Company's processes relating to financial reporting and Listing Rules compliance.</td></tr>
<tr><td>C.2.4</td><td>The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with internal control code provisions during the reporting period. The disclosures should also include:
– the process used to identify, evaluate and manage significant risks;</td><td>C</td><td>• In the Corporate Governance Report, the Company, in particular item C.2.1 above, discloses:
– the process of identifying, evaluating and managing significant risks;
– any additional information to assist understanding of the risk management processes and internal control system;
– an acknowledgement by the Board that it is responsible for the internal control system and for reviewing its effectiveness;
– the process applied in reviewing the effectiveness of internal control system; and
– the process applied to deal with material internal control aspects of any significant problems disclosed in its Annual Reports and Financial Statements.</td></tr>
</table>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4 (cont'd)	– additional information to explain its risk management processes and internal control system;	C	
	– an acknowledgement by the board that it is responsible for the internal control system and reviewing its effectiveness;	C	
	– the process used to review the effectiveness of the internal control system; and	C	
	– the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and accounts.	C	
C.2.5	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	• The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.6	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of this review in the Corporate Governance Report.	N/A	• Please refer to C.2 above for the details.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	• Please refer to C.3.7 above for the details.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	**Corporate Governance Functions**		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.1	**Effective communication** ***Corporate Governance Principle*** *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	**Voting by poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters and should also facilitate induction and professional development of Directors.*		
There is no recommended best practice under Section F in the CG Code.			

MANAGEMENT STRUCTURE CHART



The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

ECONOMIC ENVIRONMENT AND CONDITIONS

The global economy remains uncertain since the global financial crisis in 2008. The European sovereign debt crisis that followed, the slowdown of the Mainland China economy, volatility in commodity prices and the timing of the U.S. monetary normalisation continue to pose risks to the global recovery. The slowdown in world economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group has investments in different countries and cities around the world. Any adverse economic conditions in those countries and cities in which the Group operates may potentially impact on the Group's financial position or potential income, asset value and liabilities.

HIGHLY COMPETITIVE MARKETS

The Group's principal business operations face significant competition across the markets in which they operate as well as rapid technological change. New market entrants, intensified price competition among existing competitors, possible substitution of imports for locally manufactured products and the acceptability of the Group's products by the market could adversely affect the Group's financial conditions, results of operations or growth prospects. Likewise, product innovation and technical advancement may render the Group's existing and potential applications and products and its own research and development efforts obsolete or non-competitive.

RESEARCH AND DEVELOPMENT

Research and development conducted by the Group is a lengthy and expensive process involving a lot of trial testing in order to demonstrate that the products are effective and safe for commercial sale. Successful results in the early stage of the trial process may, upon further review, be revised or negated by regulatory authorities or by later stage trial results and there is no assurance that any of the research and development activities will produce positive results.

In addition, recruiting and retaining qualified scientific personnel to perform research and development work will be critical to the success of the Group and there can be no assurance that the Group will be able to attract and retain such personnel on acceptable terms given the competition for experienced scientists from numerous specialised biotechnology firms, pharmaceutical and chemical companies, universities and other research institutions. Failure to recruit and retain such skilled personnel could delay the research and development and product commercialisation programs of the Group.

Some of the Group's operations are subject to extensive and rigorous government regulations relating to the development, testing, manufacture, safety, efficacy, record-keeping, labeling, storage, approval, advertising, promotion and sale and distribution of the products. The regulatory review and approval process (which requires the submission of extensive data and supporting information to establish the products' safety, efficacy and potency) can be lengthy, expensive and uncertain and there can be no assurance that any of the Group's products will be approved for marketing and sale. The policies or administrative standards of the relevant regulatory bodies may change from time to time and there can be no assurance that products that have been approved for marketing and sale do not need to be recalled at a later stage in order to comply with subsequent new requirements.

INTELLECTUAL PROPERTY

The success of the Group will depend in part on whether it is able to obtain and enforce patent protection for its products and processes. No assurance can be given as to whether patent rights may be granted to the Group and that the patents granted will be sufficiently broad in their scope to provide protection and exclude competitors with similar products. Even when granted the patents may still be susceptible to revocation or attack by third parties. It is also not possible to determine with certainty whether there are any conflicting third party rights which may affect the Group's current commercial strategy and intellectual property portfolios. The Group may involve in litigation in enforcing its intellectual property rights and/or be sued by third parties for alleged infringement and result of such litigation is difficult to predict and may adversely affect the Group's businesses and financial conditions.

INDUSTRY TRENDS AND INTEREST RATES

The trends in the industries in which the Group operates, including market sentiment and conditions, the consumption power of the general public, mark to market value of investment securities, the currency environment and interest rates cycles, may pose significant impact on the Group's results. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its financial conditions or results of operations.

In particular, income from finance and treasury operations is dependent upon the capital market, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

CURRENCY FLUCTUATIONS

The results of the Group is recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial conditions or results of operations.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's financial conditions or results of operations.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the financial conditions, results of operations and growth prospects of the businesses in the relevant market. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit.

WINE AND VINEYARD MARKET

The Group became the second largest vineyard owner in Australasia following its acquisition of Challenger Wine Trust in February 2011. The vineyards are mostly leased to well-established wine industry operators and provide immediate and recurring cashflow to the Group. The continued success of the Group will depend in part on its ability to maintain such cashflow. There is no assurance that the Group's tenants will observe the terms of the lease and continue to pay the rent during their existing lease term, or that the leases will be renewed at favorable terms upon their expiry. Furthermore, the market value of the vineyard portfolio is subject to fluctuations which may impact on the Group's income or financial position.

IMPACT OF NEW ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has from time to time issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS"). HKICPA may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the HKFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new HKFRS might or could have a significant impact on the Group's financial position or results of operations.

CONNECTED TRANSACTIONS

Cheung Kong (Holdings) Limited ("Cheung Kong Holdings") and Hutchison Whampoa Limited ("Hutchison") are also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with Cheung Kong Holdings and Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and accordingly any transactions entered into between the Group and Cheung Kong Holdings, its subsidiaries or associates and between the Group and Hutchison, its subsidiaries or certain of its associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

MERGERS AND ACQUISITIONS

The Company has undertaken mergers and acquisitions activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are being undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Company and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. Some of these mergers and acquisitions activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Company may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to increase in costs, time and resources. For merger and acquisitions activities undertaken overseas, the Company may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Company may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

NATURAL DISASTERS, CLIMATIC CHANGE AND ENVIRONMENTAL CHANGE

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, fire, frost and similar events and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any major structural damage to its assets or facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's assets or facilities, which could adversely affect the Group's financial conditions and results of operations.

Furthermore, climatic changes affect demand, availability, quality and pricing of many of our products as well as those of our customers, especially in the agriculture-related sector, affecting business performance.

Changes in environmental conditions, such as increase in pollution, may affect the performance of some of our assets. For example, pollution of sea water may have an impact on the productivity of solar salt fields.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group during the past years as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Corporate Information and Key Dates

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 and Chief Scientific Officer*

Non-executive Directors

Peter Peace TULLOCH	*Non-executive Director*
WONG Yue-chim, Richard	*Independent Non-executive Director*
KWOK Eva Lee	*Independent Non-executive Director*
Colin Stevens RUSSEL	*Independent Non-executive Director*

AUDIT COMMITTEE

WONG Yue-chim, Richard *(Chairman)*
KWOK Eva Lee
Colin Stevens RUSSEL

REMUNERATION COMMITTEE

KWOK Eva Lee *(Chairman)*
LI Tzar Kuoi, Victor
Colin Stevens RUSSEL

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

COMPLIANCE OFFICER

YU Ying Choi, Alan Abel

VICE PRESIDENT, FINANCE

MO Yiu Leung, Jerry

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Canadian Imperial Bank of Commerce
Commonwealth Bank of Australia
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank)
The Hongkong and Shanghai Banking Corporation Limited
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

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

HEAD OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman
KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712 – 1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODES

The Stock Exchange of Hong Kong Limited: 0775
Bloomberg: 775 HK
Reuters: 0775.HK

WEBSITE

www.ck-lifesciences.com

KEY DATES

Annual Results Announcement	24 February 2015
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	12 to 15 May 2015 *(both days inclusive)*
Annual General Meeting	15 May 2015
Record Date (for determination of shareholders who qualify for the Final Dividend)	21 May 2015
Payment of Final Dividend	2 June 2015

This annual report 2014 ("Annual Report") is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cklife.ecom@computershare.com.hk.

The Annual Report (both English and Chinese versions) has been posted on the Company's website at www.ck-lifesciences.com. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Annual Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company's Branch Share Registrar or by email to cklife.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to cklife.ecom@computershare.com.hk promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their 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 communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cklife.ecom@computershare.com.hk.

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

2 Dai Fu Street, Tai Po Industrial Estate, Hong Kong
Tel: (852) 2126 1212 Fax: (852) 2126 1211

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