CK LIFE SCIENCES

AGRICULTURE-RELATED • NUTRACEUTICAL • HEALTHCARE R&D

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)

Annual Report 2021

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, manufacturing, commercialisation, marketing, sale of, and investment in products and assets which fall into three core categories – nutraceuticals, pharmaceuticals and agriculture-related. CK Life Sciences is a member of the CK Hutchison Group.

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CHAIRMAN'S STATEMENT

For the year ended 31 December 2021, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") experienced operational challenges posed by the lingering presence of the COVID-19 pandemic. Timely action to increase pricing, streamline operations, improve efficiency and capitalise on new market trends, enabled the Company to achieve profit attributable to shareholders of HK$162.8 million, compared with HK$125.2 million in 2020. R&D projects also recorded progress.

The Board of Directors has recommended a final dividend of HK$0.01 per share for the year ended 31 December 2021 (2020: HK$0.01 per share). The proposed dividend will be paid on Wednesday, 1 June 2022 following approval at the 2022 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 23 May 2022.

Nutraceutical Business

CK Life Sciences' nutraceutical business comprises (i) Vitaquest International Holdings LLC ("Vitaquest") in the United States; (ii) Santé Naturelle A.G. Ltée ("SNAG") in Canada; as well as (iii) Lipa Pharmaceuticals Limited ("Lipa") in Australia.

Performance in the segment recovered from 2020, with revenue rising 11%. The continued presence of the COVID-19 pandemic increased consumer interest in maintaining wellness and drove market demand for vitamins and supplements in general. Cost increases resulting from disruptions to the supply chain and shortage of labour persisted, although effective pricing strategies and improvement programmes helped soften their impact.

Vitaquest is an industry-leading development and commercialisation partner for the nutraceutical and functional food markets. Based in the state of New Jersey in the United States, Vitaquest experienced shortages and price increases in raw materials. Inflationary pressures not seen in the country for over 40 years, coupled with reduction to the pool of labour, exerted severe upward pressure on wages. The commissioning of a new facility made it possible for Vitaquest to pursue an aggressive strategy of continuous improvement and expansion of manufacturing capabilities to offset some of these cost increases to achieve satisfactory sales increase and profit.

SNAG is one of Canada's longest established companies specialising in progressive natural health solutions. Sustained innovation since 1946 has earned the company a reputation as one of the leaders in providing science-based natural health products in the Province of Quebec. In 2021, SNAG continued the supply of immunity-related products despite supply chain disruptions. Securing new product listings with national retailers with products that support the immune system lessened the impact of other operational challenges.

Lipa is one of the largest contract manufacturers of complementary healthcare medicines, vitamins and nutritional supplements in Australia. During the year, it achieved satisfactory sales performance despite soft domestic demand by working with major customers building growth in Asia and other international markets, as well as winning new customers, both domestically and overseas. In the face of COVID-19 related supply chain challenges and cost pressures, Lipa reaped the benefits of investment in new equipment and cross-functional technology projects, improving customer service, decision making and efficiency. The company also made progress in sustainability and won The Complementary Medicine Association's 2021 CMA Sustainability Award.

Chairman's Statement (Cont'd)

Agriculture-related Business

The agriculture-related business consists of three main streams — (i) Australian Agribusiness (Holdings) Pty Ltd ("Australian Agribusiness"); (ii) Cheetham Salt Group ("Cheetham"); and (iii) a vineyard portfolio.

Performance of the segment improved versus 2020 on the back of increased customer confidence in investing in agricultural inputs. Revenue was 7% better than last year. Limited availability and high cost of international freight capacity hobbled the export of finished goods from Australia and New Zealand and import of raw materials. A focus on cost reduction, streamlining of product offerings and pricing helped reduce the impact of negative factors.

Australian Agribusiness comprises businesses in the manufacturing, wholesale and retail of agriculture-related products. A re-organisation into two operating divisions, Crop Solutions and Consumer and Professional Solutions improved both access to market and operating margins. A combination of better pricing, more optimal product mix and cost reduction delivered better performance than in 2020.

Income from the Company's vineyard portfolio rose with annual rental increases in the existing portfolio and the addition of a property in the Margaret River region of Western Australia. During the year, we undertook irrigation upgrade, frost protection and replanting works to improve productivity. Driven by demand for wine from New Zealand, the valuation of properties in the portfolio also increased.

Cheetham, Australasia's leading producer of value-added salt products, was buffeted by market and supply chain disruptions. The continued presence of COVID-19 crimped demand in Asian markets, although favourable pricing and product mix as well as good cost control reduced the pressure on profit. Impact of negative factors on the business was also minimised by the defensive characteristics of the product, combined with our industry and geographical diversification.

Healthcare Research and Development

CK Life Sciences' research and development operations are engaged in the research and development of pharmaceuticals. The Company's pharmaceutical R&D efforts are focused on cancer vaccines and pain management products.

Cancer vaccines are a type of immunotherapy that work by stimulating the body's immune system to fight cancer. Our most advanced cancer vaccine is seviprotimut-L, a proprietary polyvalent therapeutic cancer vaccine being developed by our US subsidiary, Polynoma LLC ("Polynoma"), for the treatment of melanoma. In 2021, clinical data of seviprotimut-L was published in a major medical journal, the Journal for ImmunoTherapy of Cancer. In addition, Polynoma reached an agreement with the U.S. Food and Drug Administration ("US FDA"), under a Special Protocol Assessment (SPA), on a pivotal Phase 3 clinical study of seviprotimut-L for the adjuvant treatment of patients 60 years and younger with Stage IIB or IIC melanoma, following definitive surgical resection.

The Company has multiple cancer vaccine R&D projects at the preclinical development stage underway, and aims to advance new cancer vaccine candidates into clinical testing in the coming years.

As uncontrolled chronic pain is a major unmet medical need globally, the market potential for new pain management solutions is significant. WEX Pharmaceuticals Inc. ("WEX Pharma"), our Canadian subsidiary, is developing Halneuron™, an analgesic based on the puffer fish toxin, tetrodotoxin. The US FDA and Health Canada have both greenlighted the start of a Phase III clinical trial of Halneuron™ for Chemotherapy-induced Neuropathic Pain. The Company aims to commence this Phase III clinical trial at the appropriate time, recognising the need for prioritisation of spending among the various R&D projects. In the meantime, WEX Pharma made progress in the planning for an Asian clinical trial of Halneuron™ and hopes to commence patient enrolment in mid-2022.

The COVID-19 pandemic has impacted the progress of development of seviprotimut-L and Halneuron™. In particular, supply chain disruptions have delayed the production of drug product required for the clinical trials and created operational challenges. Nonetheless, the Company has managed to overcome some of these challenges and hopes to commence the new clinical trials as soon as feasible.

In accordance with our accounting policy, continuous investment in our R&D projects is recognised as an expense in the period in which it is incurred.

Sustainability and Response to COVID-19

Under the leadership of the board-level Sustainability Committee, our business units have developed and committed to various environmental targets to further progress our sustainability agenda. More comprehensive disclosure on sustainability initiatives and progress will be covered in a standalone Sustainability Report to be issued later in the year.

Towards the end of the year, a noticeable surge in COVID-19 infections among staff was observed as the Omicron variant began to dominate new cases. CK Life Sciences maintained a series of operational reinforcement measures to protect our employees and enable all facilities to continue normal operations as far as possible. Covid-induced supply chain issues also worsened.

Prospects

The COVID-19 global pandemic continues to present many lingering challenges to daily operations and profitability. Improved performance we achieved over 2021 gives us comfort about the resilience of our operations, but our teams are working hard to overcome persistent disruption to domestic and international supply chains, inflationary pressure and labour shortage. Investment in technology, the spirit of continuous improvement and timely response to changing market conditions will help maintain steady performance in the future.

Broadening R&D into preclinical stage immunotherapy and progress in the late stage projects provide diverse opportunities for creation of future value.

I would like to thank our shareholders and the Board of Directors for their continued support and contribution. I also take this opportunity to express my appreciation to our staff, especially those in the frontline, for their commitment to maintaining operations amidst the lingering pandemic. We continue to build on our strengths and solidify our business foundation to neutralise adverse market conditions.

Victor T K Li
Chairman

Hong Kong, 15 March 2022

Business Review

AGRICULTURE-RELATED BUSINESS

Vineyards

CK Life Sciences owns around 8,000 hectares of vineyards in Australia and New Zealand. The vineyards are on long-term leases with wine companies or growers, generating steady and secure cash flow.

In March 2021, CK Life Sciences purchased Gale Road Vineyard in the Margaret River region of Western Australia, the largest Western Australian growing region by area. Gale Road Vineyard has a total area of about 127 hectares and has developed a good mix of red and white grape varieties. The property is leased to a tenant for an initial period of 15 years.

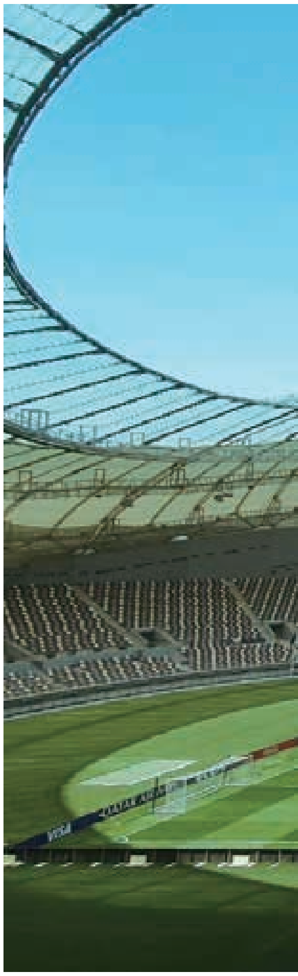
CK Life Sciences' vineyards in Australia and New Zealand are on long-term leases with wine companies or growers, generating steady and secure cash flow.

During the year, extensive irrigation, frost protection and replanting upgrade works were undertaken on the Colignan Farm property located in the Murray Valley region of Victoria. The main focus of these works is to convert lower value wholesale varieties to higher value specialist varieties. Further irrigation upgrade and replacement works have been undertaken across the portfolio as infrastructure reaches the end of its economic life.

In addition to achieving higher rental income, the Company's vineyard portfolio also recorded increases in the valuation of properties largely driven by increases in value in New Zealand because of heightened demand for wine from this region. Property valuation increases in Australia were below those in New Zealand, as concerns surrounding wine exports from Australia to China began to emerge. Despite this, long-term leased agricultural properties in Australia remain highly sought after by market participants.

COVID-19 has had limited impact on the Australian and New Zealand wine industries, felt mainly in the freight sectors with increased shipping costs.

Australian Agribusiness



The business operations of Australian Agribusiness include manufacturing, wholesale and retail. It operates four plant protection and specialty nutrition manufacturing facilities and a number of warehouses and retail outlets.

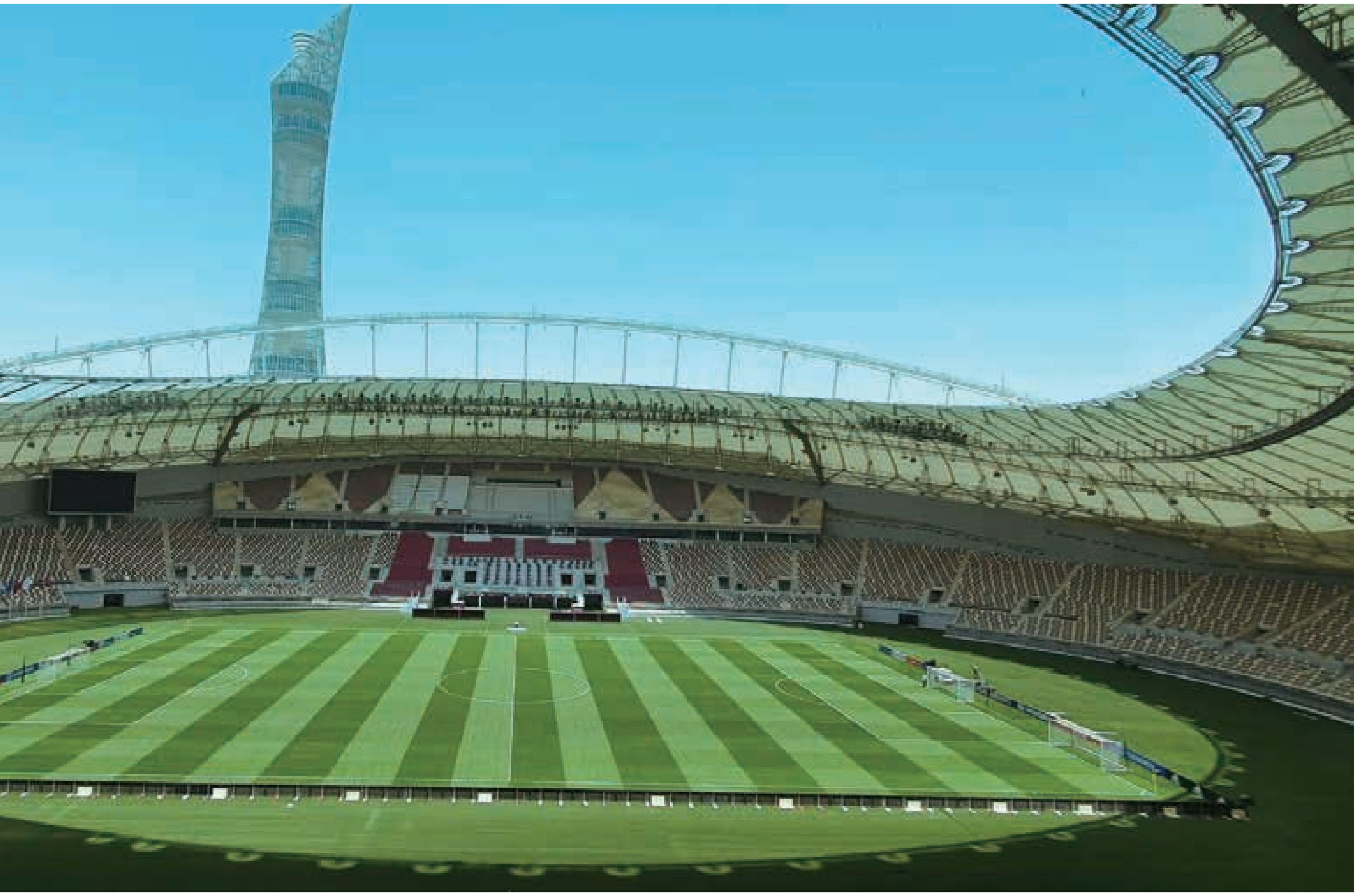
Australian Agribusiness (Holdings) Pty Ltd ("Australian Agribusiness") is a holding company whose business operations in Australia include manufacturing, wholesale and retail. It operates four plant protection and specialty nutrition manufacturing facilities and a number of warehouses and retail outlets.

During the year under review, Australian Agribusiness restructured its operations into two operating divisions: Crop Solutions ("CS") and Consumer and Professional Solutions ("CPS"). The combined capabilities of CS and CPS include Toll Formulation/Manufacturing, Storage and Handling, Formulation Development, Laboratory Services, Regulatory Services, Global Procurement and Sales and Distribution.

Underpinned by its Purpose, Vision and Values, Australian Agribusiness expanded operating margins via both product and customer mix, price realisation and significant cost optimisation. Even with the disruptions on supply chains as a result of COVID-19, it delivered targets set out in its strategic plan and set the foundation for a sustainable future for the business.

Crop Solutions

The channel to market for CS is via the brand Accensi, which is one of Australia's largest toll formulators of Crop Protection products with manufacturing and warehousing in the three main cropping regions throughout Australia. In addition, Accensi also provides formulation development services via our National R&D facility in the State of Queensland.



Australian Agribusiness expanded operating margins via both product and customer mix, price realisation and significant cost optimisation.

While overall formulation volume and product sales was lower than expected, operating margin expanded via customer mix and operating cost optimisation year on year. In 2021 Crop Solutions continued its focus on expanding its capability to meet the demands of multinational customers, while continuing its commitment to Health, Safety, Environment and Quality (HSEQ).

Consumer and Professional Solutions

CPS is the Sales and Distribution arm of Australian Agribusiness and is represented by four brands servicing three market segments. These brands are Amgrow Home Garden, Globe Pest Solutions, Nuturf and Equipment Solutions. The respective market segments are Hardware and Nurseries, Professional Pest Management and Professional Turf and the urban environment.

CPS operating margins improved with strong revenue growth from Globe Pest and overall cost optimisation.

Cheetham Salt Group

Cheetham operates salt fields on approximately 9,300 hectares of freehold and leasehold land, with the ability to produce approximately 900,000 tonnes of crude salt per annum.

The Cheetham Salt Group ("Cheetham") comprises Cheetham Salt Limited in Australia, Dominion Salt Limited in New Zealand and Cheetham Garam Indonesia. Cheetham is the largest producer of value-added salt products in Australasia, and enjoys a leading market share position in its three domestic markets. It also serves vibrant and growing export markets, supplying premium food grade salt and very high purity pharmaceutical salt that meets pharmacopoeia standards.

Cheetham operates salt fields on approximately 9,300 hectares of freehold and leasehold land, with the ability to produce approximately 900,000 tonnes of crude salt per annum. In all three markets, Cheetham has factories capable of converting 700,000 tonnes of this crude salt into value added products for a broad range of industries. These include industrial, food manufacturing and retail, pharmaceutical, stockfeed, hide and swimming pool markets.

2021 was an enormously challenging year, dominated by the impact of COVID-19 on the health and wellbeing of our staff and our markets. Cheetham's Purpose and Values continued to shape its response to the changing nature of the pandemic, remaining focused on achieving two main goals: protecting the health and wellbeing of our people, and ensuring we continued to satisfy our customers' needs.

The Australian business outperformed the prior year with favourable pricing and product mix, continued export growth and good cost control, translating into an increase in profit compared with 2020. Demand for pharmaceutical salt in Asia was subdued, impacting the performance of the New Zealand business, and the Indonesia business experienced significantly lower demand and pricing pressure.

COVID-19 impact on earnings was minimised by the defensive characteristics of the product, combined with our industry and geographical diversification. Ensuring the business can adapt to an increasingly unpredictable and volatile operating environment remains Cheetham's priority.

Business Review

NUTRACEUTICAL BUSINESS

Santé Naturelle A.G.

In 2021, SNAG made good progress, despite the pandemic and increasing global supply chain challenges, allowing the company to reinforce its credibility and positioning.

Santé Naturelle A.G. Ltée ("SNAG") is one of Canada's longest established companies specialised in providing progressive natural health solutions. Through sustained growth and innovation since 1946, the company earned the reputation as one of the leaders in science-based quality natural health products in Quebec, Canada.

In 2021, the company made good progress, despite the pandemic and increasing global supply chain challenges, allowing the company to reinforce its credibility and positioning. It successfully confirmed new listings with retailers and augmented the line-up of stores which offer SNAG products in Canada.

COVID-19 increased demand for products in the Immunity, Sleep & Stress, Vitamins & Energy. New products were introduced to capitalise on consumer needs for support of the immune system. At the operational level, SNAG suffered staff shortages and challenges in managing production & deliveries, in addition to significant delays of raw materials and finished goods receipt from suppliers. Timely action to overcome these challenges and secure staff replacements and order deliveries kept the impact on the business to a manageable level.

Vitaquest

Vitaquest's new manufacturing facility in Parsippany, New Jersey, became fully operational early in the year. It received full FDA approval as well as a FSSC22000 Food Safety compliance certification.

Vitaquest International Holdings LLC ("Vitaquest") is an industry-leading development and commercialisation partner for the nutraceutical and functional-food markets, offering a broad array of customised solutions ranging from concept and formulation to delivery system design and finished product manufacturing. Founded on an unwavering commitment to both quality and innovation, Vitaquest stands alone in an increasingly-competitive nutraceutical industry by embracing these values and integrating them into their overall business model through a proactive and unique approach that promotes growth for both the company and their customers.

2021 presented Vitaquest with a range of operational challenges as a result of the ongoing COVID-19 pandemic. The company was forced to adapt quickly to as supply chain shortages and delays, worker shortages, wage increases, and inflationary pressures not seen in the United States for over 40 years. In the face of this adversity, Vitaquest relied upon the same principles of innovation and ingenuity that the company has embraced since its inception to promote sustainable success and growth in an increasingly competitive nutraceutical industry. Vitaquest continued to seek new opportunities and respond to the changing business landscape by embracing a culture of continuous improvement that has yielded many positive results in spite of the challenges being faced.

A new manufacturing facility in Parsippany, New Jersey, became fully operational early in the year. Despite initial teething problems, the first full year of operation saw many improvements that contributed significantly to the overall success of the company. The facility was thoroughly inspected and received full FDA approval as well as a FSSC22000 Food Safety compliance certification, bringing it in line with Vitaquest's two other facilities. This paved the way for further expansion of manufacturing capabilities, allowing Vitaquest to increase capsule manufacturing capacity to meet the surging demands of customers. Larger blenders were also installed to improve throughput while contributing significantly to cost reduction.

In the face of a volatile and unpredictable business environment, Vitaquest has remained resolute in their pursuit of innovation, relying on internal improvement as a means of combating continuing external pressures and challenges.

Lipa

Lipa made good progress in its sustainability initiatives and won the 2021 Complementary Medicines Australia Sustainability Award.

Lipa Pharmaceuticals Limited ("Lipa") is one of Australia's largest contract manufacturers of complementary healthcare medicines, vitamins and nutritional supplements. It also manufactures a range of non-sterile prescription and over-the-counter medicines.

Lipa's customers include many well recognised Australian brands of nutritional supplements for sale in Australia, New Zealand and a number of other select Asian markets.

During the year, Lipa achieved good sales performance despite a soft domestic market, helping major customers to build growth in Asia and other international markets leveraging an increase in the demand for immunity products driven by the spread of COVID-19. It was also successful in acquiring new customers supplying consumers in both Australia and overseas markets, including brands supplying products across Asia and the Middle East leveraging the demand for high quality Australian made products.

During 2021 Lipa also faced many COVID-19 challenges in the supply chain which impacted supply and costs. These were due to the limited availability of international freight, congestion at local ports and labour shortages. A number of technology projects were implemented across supply chain, quality and finance which have improved customer service levels, decision making and efficiency. Investment in a number of new tablet presses improved productivity, reduced cost and delivered efficiencies with additional capacity.

Lipa made good progress in its sustainability initiatives and won the 2021 CMA (Complementary Medicines Australia, an industry body) Sustainability Award.

Business Review

HEALTHCARE R&D

Business Review (Cont'd)

CK Life Sciences' research and development operations, spanning Hong Kong, Canada and the United States, are engaged in the research and development of cancer vaccines and pain management products.

In accordance with our accounting policy, continuous investment in these R&D projects is recognised as an expense in the period in which it is incurred.

Polynoma's seviprotimut-L, comprising a combination of multiple melanoma-associated antigens, is a proprietary polyvalent therapeutic cancer vaccine being developed for the treatment of melanoma.

Cancer Vaccine R&D

Preclinical Stage

Cancer vaccines are a type of immunotherapy that work by stimulating the body's immune system to fight cancer. The Company has multiple cancer vaccine R&D projects underway at the preclinical stage, and aims to advance new cancer vaccine candidates into clinical testing in the coming years. These novel cancer vaccines are designed to stimulate immune responses against different tumour antigens, immune checkpoint proteins and other target proteins in the tumour microenvironment.

Clinical Stage

Our most advanced cancer vaccine is seviprotimut-L, a proprietary polyvalent therapeutic cancer vaccine being developed by our US subsidiary, Polynoma LLC ("Polynoma"), for the treatment of melanoma. Comprising a combination of multiple melanoma-associated antigens, seviprotimut-L works by triggering the body's immune system to develop antigen-specific antibody and T cell responses against melanoma cells, thereby delaying or preventing recurrence after surgical resection.

The COVID-19 pandemic continues to impact the progress of development of seviprotimut-L. In particular, supply chain disruptions have made it challenging to accelerate production of drug product required for the pivotal Phase III clinical trial. Nonetheless, there were a few key achievements for Polynoma in 2021:

(i) Publication of clinical data of seviprotimut-L in the Journal for ImmunoTherapy of Cancer

In October 2021, clinical data from the MAVIS (Melanoma Antigen Vaccine Immunotherapy Study) clinical trial of seviprotimut-L were published in the Journal for ImmunoTherapy of Cancer, a major medical journal focused on cancer immunotherapy. The data showed that in a subgroup of patients with Stage IIB or IIC melanoma and aged under 60 years, treatment with seviprotimut-L resulted in clinically significant improvement in recurrence-free survival, reducing the risk of disease recurrence or death by 68%, compared to patients receiving placebo. In addition, seviprotimut-L was found to be extremely well tolerated, with adverse events similar to patients that received placebo.

(ii) **Special Protocol Assessment (SPA) agreement**

In November 2021, Polynoma reached an agreement with the U.S. Food and Drug Administration (FDA), under a Special Protocol Assessment (SPA), on a pivotal Phase III clinical study of seviprotimut-L for the adjuvant treatment of patients 60 years and younger with Stage IIB or IIC melanoma, following definitive surgical resection. SPA is a process by which companies reach agreement with the FDA that the design, endpoints and statistical analysis methods of a clinical trial are acceptable for FDA approval.

Pain Management R&D

WEX Pharmaceuticals Inc. ("WEX Pharma"), our Canadian subsidiary, is developing Halneuron™, an analgesic based on the puffer fish toxin, tetrodotoxin. Halneuron™ acts by blocking $Na_v1.7$ voltage-gated sodium channels and is being researched as a pain management solution that can address different types of pain. As uncontrolled chronic pain is a major unmet medical need globally, the market potential for new pain management solutions is significant.

As an initial indication, WEX Pharma is targeting Halneuron™ to be a treatment for Chemotherapy-induced Neuropathic Pain (CINP). There is currently no specific FDA-approved medication for CINP. The FDA and Health Canada have both greenlighted the start of a Phase III clinical trial of Halneuron™ for CINP. The Company aims to commence the Phase III clinical trial at the appropriate time, recognizing the need for prioritisation of spending among the various R&D projects and challenges in recruiting patients during the COVID-19 pandemic. In the meantime, WEX Pharma made progress in the planning for an Asian clinical trial of Halneuron™ and hopes to commence patient enrollment in mid-2022.

WEX Pharma is developing Halneuron™, an analgesic based on the puffer fish toxin, tetrodotoxin, which is being researched as a pain management solution.

Long Term Development Strategy

CK Life Sciences is an international life sciences company 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, manufacturing, commercialisation, marketing, sale of, and investment in products and assets which fall into three core categories – nutraceuticals, pharmaceuticals and agriculture-related.

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 and new markets, and expand its geographical coverage 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 given high priority.

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				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated results summary					
Revenue	4,693,133	5,232,992	4,967,024	4,942,544	**5,402,312**
Profit attributable to shareholders of the Company	258,402	263,001	181,735	125,234	**162,801**

	As at 31 December				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated statement of financial position summary					
Non-current assets	7,131,706	7,181,324	7,668,343	8,685,997	**8,561,868**
Current assets	3,451,958	3,257,127	3,046,248	3,291,672	**3,169,150**
Current liabilities	(2,261,929)	(1,948,089)	(3,575,440)	(915,573)	**(2,075,102)**
Non-current liabilities	(3,565,030)	(4,070,519)	(2,964,401)	(6,343,637)	**(5,155,072)**
Total net assets	4,756,705	4,419,843	4,174,750	4,718,459	**4,500,844**
Equity attributable to shareholders of the Company	4,617,043	4,263,908	4,177,484	4,721,199	**4,503,584**
Non-controlling interests of subsidiaries	139,662	155,935	(2,734)	(2,740)	**(2,740)**
Total equity	4,756,705	4,419,843	4,174,750	4,718,459	**4,500,844**

Financial Review

FINANCIAL RESOURCES, LIQUIDITY AND TREASURY POLICIES

In 2021, the financial and liquidity position of the Group continued to be sound and healthy. It was financed mainly from internal sources such as cash generated from business activities as well as other sources such as borrowings from banks.

The Group's bank borrowings were mainly for the acquisition of the Group's overseas businesses as well as providing general working capital. As at 31 December 2021, the bank borrowings amounted to HK$5,636.9 million. All these borrowings were made on a floating interest rate basis and were granted based on some committed terms by, and with the guarantees of, the Company. As at 31 December 2021, certain assets of the Group's overseas subsidiaries with carrying value of HK$1,142.0 million were pledged as part of the security for bank borrowings totalling HK$326.9 million. The total interest expenses on bank and other borrowings of the Group for the year were HK$74.7 million.

At the end of 2021, the total assets of the Group were about HK$11,731.0 million, of which bank balances and time deposits were about HK$890.8 million and treasury investments were about HK$11.7 million.

The total net assets of the Group as at 31 December 2021 were HK$4,500.8 million, representing HK$0.47 per share. The net debt to net total capital ratio of the Group as at 31 December 2021 was approximately 51.33%, 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 bank 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 monitors its overall net debt position closely, reviews its funding costs and maturity profile regularly, and takes necessary actions to facilitate refinancing whenever appropriate.

MATERIAL ACQUISITIONS/DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no material acquisition/disposal during the year under review.

The Group has always been investing significantly in research and development activities. Total research and development expenditure incurred in 2021 amounted to about HK$157.3 million.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 31 December 2021, the total capital commitments by the Group amounted to HK$80.0 million which were mainly made up of contracted/authorised 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 1,855 as at 31 December 2021 (2020: 1,809). The total staff costs, including directors' emoluments, amounted to approximately HK$1,069.5 million for the year under review, which represents an increase of 4.9% 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 2021 (2020: Nil).

Directors and Key Personnel

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor, aged 57, has been the Chairman of the Company since 2002. Mr. Li has been the Chairman of the Executive Committee of the Company since February 2021 and has been a member of the Remuneration Committee of the Company since March 2005. Mr. Li has been a member of the Nomination Committee of the Company since January 2019. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK 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, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is the elder 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 of the Company. Mr. Li 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.

KAM Hing Lam, aged 75, is the President of the Company. Mr. Kam had been the President and Chief Executive Officer of the Company since June 2002 and was re-designated as the President of the Company since September 2020. Mr. Kam has been an Executive Committee Member of the Company since February 2021. Mr. Kam is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Group Managing Director of CK Infrastructure Holdings Limited. 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. 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 certain substantial shareholders of the Company.

IP Tak Chuen, Edmond, aged 69, is the Senior Vice President and Chief Investment Officer of the Company. He has been the Chairman of the Sustainability Committee of the Company since December 2020 and has been an Executive Committee Member of the Company since February 2021. Mr. Ip joined the CK Group in 1993 and the Group in December 1999. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited. All the companies mentioned above are listed companies. Mr. Ip is also 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 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.

YU Ying Choi, Alan Abel, aged 66, is the Vice President and Chief Executive Officer of the Company. Mr. Yu had been Vice President and Chief Operating Officer of the Company since June 2002 and was promoted to Vice President and Chief Executive Officer of the Company in September 2020. He has been an Executive Committee Member of the Company since February 2021. He holds a Bachelor of Arts degree and a Master's degree in Business Administration and is a fellow member of The Hong Kong Institute of Directors. Mr. Yu has held a number of positions in the consumer finance, food and fast-moving consumer goods sectors in Asia and Australasia. Prior to joining the Group in 2000, he was Worldwide Vice President in a leading US diversified healthcare multinational corporation.

TOH Kean Meng, Melvin, aged 55, is the Vice President and Chief Scientific Officer of the Company. He has been an Executive Committee Member of the Company since February 2021. Dr. Toh joined the Group in January 2008 and was previously Vice President, Pharmaceutical Development, of the Company. He holds Bachelor of Medicine and Bachelor of Surgery degrees from the National University of Singapore and a Master of Science degree in Epidemiology from the University of London. He is registered with the Singapore Medical Council and the General Medical Council, United Kingdom. Dr. Toh has over 29 years of experience in clinical medicine and pharmaceutical research and development, and has held various management and scientific positions in Asia and the United States. Prior to joining the Group, Dr. Toh was Director of Clinical Pharmacology in Oncology Development, directing a team of scientists working on the clinical development of new cancer drugs for a leading pharmaceutical firm in the United States.

TULLOCH, Peter Peace, aged 78, has been a Non-executive Director of the Company since April 2002. Mr. Tulloch serves as the Chairman and Non-executive Director of each of Victoria Power Networks Pty Ltd, SA Power Networks and Australian Gas Networks Limited. He is also Chairman and a Non-executive Director of both Powercor Australia Limited and CitiPower Pty Ltd. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia.

KWOK Eva Lee, aged 80, has been an Independent Non-executive Director of the Company since June 2002. She has been a member of the Remuneration Committee of the Company since January 2005 and the Chairperson of the Remuneration Committee of the Company since January 2012. She acted as a member of the Audit Committee of the Company from June 2002 to June 2019. Mrs. Kwok currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director for Cenovus Energy Inc. ("Cenovus Energy"). Mrs. Kwok currently serves as an Independent Non-executive Director and the Chairperson of the Nomination Committee of CK Infrastructure Holdings Limited, and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She also sits on the Human Resources and Compensation Committee and the Governance Committee of Cenovus Energy. Except for Amara and LKS Canada Foundation, all the companies mentioned above are listed companies. She is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Audit Committee of CK Infrastructure Holdings Limited, 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.

RUSSEL, Colin Stevens, aged 81, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He was a member of the Audit Committee of the Company from January 2005 to July 2020. He is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Infrastructure Holdings Limited, both listed companies. Mr. Russel 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. He is also Managing Director of EMAS (HK) Limited. Mr. Russel is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. 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 Electronics Engineering and his Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

KWAN Kai Cheong, aged 72, has been an Independent Non-executive Director of the Company since March 2015 and the Chairman of the Audit Committee of the Company since May 2015. Mr. Kwan is Chairman of the Board of GT Land Holdings Limited, a commercial property company in China and Managing Director of Morrison & Company Limited, a business consultancy firm. He worked for Merrill Lynch & Co., Inc. for over 10 years during the period from 1982 to 1993, with his last position as President for its Asia Pacific region. He was formerly Joint Managing Director of Pacific Concord Holding Limited. Mr. Kwan is also an Independent Non-executive Director of HK Electric Investments Limited, HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, Greenland Hong Kong Holdings Limited, Henderson Sunlight Asset Management Limited ("HSAM") as the manager of Sunlight Real Estate Investment Trust and Win Hanverky Holdings Limited and a Non-executive Director of China Properties Group Limited. Mr. Kwan is also a Director of The Hongkong Electric Company, Limited ("HK Electric"). Except for HKEIM, HSAM and HK Electric, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Kwan holds a Bachelor of Accountancy (Honours) degree and is a Fellow of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Directors. He completed the Stanford Executive Program in 1992.

TIGHE, Paul Joseph, aged 65, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since June 2019 and a member of the Sustainability Committee of the Company since December 2020. He has been a member of the Nomination Committee of the Company since June 2019 and acted as the Chairman of the Nomination Committee of the Company since December 2020. Mr. Tighe is an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Infrastructure Holdings Limited, both listed companies. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO and a director of a company controlled by a substantial shareholder of the Company.

ROBERTS, Donald Jeffrey, aged 70, has been an Independent Non-executive Director, a member of the Audit Committee and a member of the Nomination Committee of the Company since July 2020. He is an Independent Non-executive Director of CK Asset Holdings Limited (listed in Hong Kong); an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong; an Independent Non-executive Director of Queen's Road Capital Investment Ltd. (listed in Canada); and an Independent Non-executive Director of NexGen Energy Ltd. (listed in both the U.S.A. and Canada). He is also a Director of The Hongkong Electric Company, Limited, and an Independent Non-executive Director of Welab Bank Limited and Welab Capital Limited. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of SFO. He joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts was a Member of the Listing Committee of the Main Board and GEM of The Stock Exchange of Hong Kong Limited from July 2015 to July 2020. He was previously a member of the Executive Committee of The Canadian Chamber of Commerce (the "Chamber") in Hong Kong and is currently Governor of the Chamber. He previously served as a Governor of the Canadian International School of Hong Kong for the periods between 1998 to 2004, and between 2006 to 2012, and also a member on its Finance & Administration Committee. Mr. Roberts served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for 9 years. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

HA Fu Lam, Ricky, aged 57, is Business Development Director of the Company. Mr. Ha holds a Master of Science degree in Electronic Commerce and Internet Computing, a Master of Business Administration degree, and a Bachelor of Social Sciences degree. He is a Fellow of The Association of Chartered Certified Accountants. Mr. Ha began his career in business planning and analysis in the energy and precious metal sectors. In the decade before joining the Company in May 2019, he held senior supply chain, procurement and finance roles in US multinational chemical and agrichemical corporations.

HO Wai Man, Bonita, aged 56, Business Development Director, has been with the Company since February 2004. She holds a Master of Business Administration degree, and a Bachelor of Commerce degree in Accounting. She is also a Chartered Financial Analyst of the CFA Institute. Ms. Ho had previously worked in a number of multinational corporations before joining the Company and has over 25 years of experience in corporate finance in both Hong Kong and Canada.

HON King Sang, Dennis, aged 67, is Legal Counsel of the Company and has been with the Company since June 2002. He holds a Master of Laws degree, and a Master of Science degree in Electronic Commerce and Internet Computing. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales. He has over 35 years of legal experience and has held a number of senior positions in various major corporations.

LEE Mai Kuen, Jane, aged 62, is Chief Manager, Human Resources & Administration, of the Company. She joined the Company in March 2002 and has been with the CK Group since December 1995. Ms. Lee holds a Master of Science degree in Training and Human Resource Management, and has over 35 years of experience in human resource management, which includes her previous tenure in several multinational research-based pharmaceutical firms.

LI Guo, Stephen, aged 46, Preclinical Development Director. He holds a Doctor of Philosophy degree in Genetics, and is a certified toxicologist of the Chinese Society of Toxicology. Dr. Li has over 13 years of experience in preclinical drug development, working in both pharmaceutical companies and contract research organisations. Prior to joining the Company in January 2021, he was Senior Director at a leading global contract research organisation and had led a team of scientists providing bioanalytical services for global biopharma clients.

KO Yuen Man Winnie, aged 50, is General Manager, Vital Care Hong Kong Limited. She holds a Bachelor of Arts degree in Hotel & Catering Management. Ms. Ko is a seasoned sales and marketing professional in health-related consumer products. She has had experience in retail management as well as brand marketing, having worked for both multinational and local corporations in the healthcare industry in a variety of roles. Prior to joining the Company in May 2020, she was Head of Business Development & Marketing for a leading US-based retailer and marketer of health products.

MO Yiu Leung, Jerry, aged 62, is Chief Financial Officer, and is responsible for all finance functions of the Company. He has been an Executive Committee Member of the Company since February 2021. Mr. Mo holds a Bachelor of Science degree in Accounting and Data Processing. He is also a member of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Accountants in Australia and New Zealand, as well as The Hong Kong Institute of Certified Public Accountants. Mr. Mo has over 35 years of experience in financial management, accounting and auditing in the manufacturing sector. Prior to joining the Company in October 2005, he had held a number of senior management positions in major corporations in Australia, the UK and Hong Kong, which included work in a "big four" accounting firm.

TONG BARNES Wai Che, Wendy, aged 61, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Asset Holdings Limited and CK Infrastructure Holdings Limited and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

WONG Wun Lam, Peter, aged 57, is Vice President, Finance, responsible for all matters relating to accounting and finance of the Company's overseas subsidiaries. He has been an Executive Committee Member of the Company since March 2022. Mr. Wong holds a Bachelor of Commerce degree, majoring in accounting. He is also a graduate of an Executive Master of Business Administration programme. He has had wide and varied experience in all aspects of accounting and finance. In addition to spending over 10 years in a Netherlands-based electronics and telecommunications multinational, he has also worked for leading utility and logistics providers. Prior to joining the Group in September 2020, he was Executive Director and Group CFO of a leading environmental group listed on the Hong Kong Stock Exchange.

WU Pak To, Sunny, aged 60, is Vice President, Global Operations of the Company, responsible for the profit contribution of the Group's commercial activities. He has been an Executive Committee Member of the Company since March 2022. Trained in accountancy, Mr. Wu holds Master of Business Administration and Master of Laws degrees. He has lived in New York, London, Sydney, Singapore and Shanghai, undertaking assignments for multinational corporations spanning different industries, including fast moving consumer home and personal care products, infant nutrition, multilevel marketing and professional services. He has held leadership roles in a full range of functions covering general management, finance and operations. Prior to joining the Company in February 2021, he was Chief Financial Officer and Director of Operations, Asia, in a globally recognised engineering and design services firm.

YAN Wai Yin, Kirsty, aged 52, Senior Manager, Internal Audit, joined the Company in April 2010. She holds a Master of Business Administration degree, and a Bachelor of Arts degree in Accountancy. In addition to being a Certified Internal Auditor, Ms. Yan also holds 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 25 years of experience in auditing and finance. She has worked with a "big four" accounting firm and various listed corporations in different industries including book publishing, electronics, telecommunication as well as real estate.

YEUNG, Eirene, aged 61, the Company Secretary of the Company. She has been a member of the Sustainability Committee of the Company since December 2020. She has been with the CK Group since August 1994 and she joined the Company in January 2002. Ms. Yeung is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Infrastructure Holdings Limited. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust. She is also the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of CK Infrastructure Holdings Limited. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

OVERSEAS

BARRINGTON-CASE, Angus, aged 47, is Chief Executive Officer of Regenal Investments Pty Limited. He is responsible for managing the Company's vineyard portfolio in Australia and New Zealand. Mr. Barrington-Case holds a Bachelor of Business (Property) degree. He is also a Certified Practicing Property Valuer and Specialist Water Valuer with the Australian Property Institute, as well as a member of the Royal Institute of Chartered Surveyors (RICS) and the Australian Institute of Company Directors (AICD). He has substantial experience valuing agricultural and post farm gate infrastructure assets across Australia, having previously held positions with major property firms and wineries.

BRUEGGMAN, Patrick, aged 58, is the President and Chief Executive Officer of Vitaquest International LLC ("Vitaquest"). He holds a Bachelor of Science degree in Chemistry, with a minor in Business Administration. Mr. Brueggman brings over 25 years of experience in the specialty chemical/ingredient industry, having spent his last 15 years in the pharmaceutical, food and personal care industries. Mr. Brueggman has rich multi-functional experience including commercial excellence, Six Sigma process focus, and innovation for growth.

HERRON, Mark, aged 55, is Chief Executive Officer of Australian Agribusiness (Holdings) Pty Ltd. He is responsible for the Company's businesses serving customers in Australasia in agriculture, horticulture, golf and turf, pest management and home garden. An MBA graduate, Mr. Herron is also a Certified Practising Accountant (CPA) in Australia and a Member of the Australian Institute of Company Directors (AICD). Prior to joining Australian Agribusiness in early 2019 as Chief Financial Officer, Mr. Herron obtained substantial international business experience with multinational corporations, mainly in the fast moving consumer goods and manufacturing industries, based in Australia, the United Kingdom and the Middle East.

KORZ, Walter, aged 63, is Chief Operating Officer of WEX Pharmaceuticals Inc. Mr. Korz joined WEX in November 2010. He holds a Master of Business Administration degree and has over 30 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.

MALLON, Patrick, aged 61, is Chief Operating Officer of Polynoma LLC ("Polynoma") and is responsible for the management of preclinical, clinical development and operations, regulatory affairs, CMC/manufacturing, commercial development and quality functions of the Company. Mr. Mallon joined Polynoma in 2011. He holds a Bachelor's degree in Medical Technology, and has extensive senior and C-level executive experience in the pharmaceutical, medical device and life sciences sectors with expertise in product design, development and commercialisation of new, cutting-edge technologies, products and services. Mr. Mallon has a successful track record in building organisations for both start-up and Fortune 500 companies.

SPEED, Andrew, aged 48, is Chief Executive Officer of the Cheetham Salt Group ("Cheetham"). He was appointed National Sales & Marketing Manager for Cheetham in July 2007, and was appointed Chief Executive Officer in June 2008. He holds a Master's degree in Business Administration, a Bachelor's degree in Science, and is a Graduate Member of the Australian Institute of Company Directors. Prior to joining Cheetham, Mr. Speed worked for a major Australian multinational in a range of national sales and product management roles. He has extensive experience in the food, agricultural and industrial sectors.

TANNA, Rob, aged 55, is Chief Executive Officer of Lipa Pharmaceuticals Ltd ("Lipa") and is responsible for the company's health supplements and OTC pharmaceutical operations in Australia. Mr. Tanna joined Lipa as Chief Financial Officer in August 2019, and assumed the position of Chief Executive Officer in April 2020. He began his professional career with one of the leading auditing firms. Prior to joining the company, he was Chief Operating Officer of the Australian & New Zealand beverage unit in a multinational food and beverage conglomerate based in Japan, having previously spent over two decades in its fast moving consumer products subsidiary. He holds a Bachelor of Economics degree and is a Member of the Institute of Chartered Accountants in Australia.

TRUDEAU, Philippe, aged 58, is President and Chief Executive Officer of Santé Naturelle Adrien Gagnon Ltd. ("Santé Naturelle Adrien Gagnon") and is responsible for the Company's health supplements operation in Canada. He holds a Bachelor of Arts degree in Marketing. Mr. Trudeau began his career in the public sector and the pharmaceutical industry. Prior to joining Santé Naturelle Adrien Gagnon in November 2019, he spent almost 25 years in a four-generation family-owned corporation supplying innovative products for food preparation to more than 70 countries.

Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A fair review of the Group's businesses, and an indication of likely future developments in the Group's businesses are provided in the Business Review and Chairman's Statement on pages 6 to 23 and pages 2 to 5 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Financial Summary on page 25 and Financial Review on pages 26 to 27. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 166 to 173. The above discussions form part of the Report of the Directors.

In the year of 2021, the Group's business units have committed to various environmental targets to further progress our sustainability agenda. These include reducing energy intensity and conducting energy audits to identify energy reduction opportunities, waste reduction targets, replacing production materials with more sustainable options, and encouraging a recycling culture. These targets guide the Group's business strategy by setting out the areas of innovation and change needed to deliver on its commitments.

The Group strives to improve its environmental management and ensure that appropriate policies and processes are in place to manage its environmental footprint. The Group is undertaking a range of measures to reduce energy consumption and improve energy efficiency in all business activities. Equipment is converted, retrofitted and replaced where appropriate to lower fuel consumption and GHG emissions. Accensi, for instance, replaced the lighting in their Lara factory with more energy-efficient lighting. This saves 68,890 kWh per year compared to the previous usage of 144,518 kWh per year, effectively a 48% reduction in energy consumption.

Many of the Group's activities are subject to regulation by agencies such as the Food and Drug Administration (FDA) in the United States, the Therapeutic Goods Administration (TGA) in Australia and Health Canada. We maintain high awareness of, and comply with, the agencies' requirements; are cooperative with their requests for information and proactively assist them in on-site inspections. Further information about laws and regulations affecting the businesses of the Group can also be found in the Sustainability Report.

The Group endeavours to communicate openly and transparently with its key stakeholders including its employees, customers and suppliers to gather their views on the issues that concern them the most. The Group uses stakeholders' input to understand the shifting market needs, which in turn helps to inform the Group's decision making in relation to its practices, initiatives and disclosures.

The attraction, retention and development of talent are essential for the Group's long-term development. To retain talents, the Group's businesses have implemented a merit-based remuneration mechanism. Where practicable, remuneration packages are benchmarked with market levels periodically and adjusted as appropriate to maintain competitiveness. In particular, Cheetham conducted an employee alignment survey which formed the basis for management to work on improving employee engagement and ultimately performance.

The Group cares about the needs of its customers and engages in open and frequent dialogues with them to gauge their expectations. The Group has set up different channels and strategies to collect and respond to opinions and complaints. For instance, standard operating procedures of customers' complaints and claims are set up at Accensi, Cheetham, Lipa and Vitaquest for guiding the complaint receiving and further investigation processes.

The Group is aware of the environmental and social impacts that may ensue along the supply chain, and is committed to minimising such risks in the collaborations with suppliers. As stated in the Group's Supplier Code of Conduct, all businesses in its supply chain are required to share the Group's commitment in terms of human rights, working conditions, occupational health and safety, non-discrimination, business ethics and environmental stewardship. ESG-related factors form an important part of the assessment process and have a due weighting in the consideration of potential suppliers and contractors. Regular monitoring, audits and evaluations are carried out by the Group's businesses to assess the performance of its suppliers.

Discussion of the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's relationships with the key stakeholders are set out in the Sustainability Report, which will be published on the website of the Stock Exchange and the Company's website at www.ck-lifesciences.com for inspection and download.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 53.

The Directors recommend the payment of a final dividend of HK$0.01 per share which represents the total dividend for the year.

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 31.

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. Accordingly, Mr. Victor T K Li, Mr. Yu Ying Choi, Alan Abel, Mr. Peter Peace Tulloch and Mr. Colin Stevens Russel will retire from office and, being eligible, 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its subsidiary or fellow subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for otherwise disclosed under the section "Continuing Connected Transactions", no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2021 and as at the date of this Annual Report.

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).

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. A Directors Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

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

As at 31 December 2021, 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:

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	2,250,000	–	2,835,759,715 (Note 1)	–	2,838,009,715	29.52%
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%
Peter Peace Tulloch	Beneficial owner	1,050,000	–	–	–	1,050,000	0.01%
Kwok Eva Lee	Beneficial owner	200,000	–	–	–	200,000	0.002%
Donald Jeffrey Roberts	Interests held jointly	–	–		816,000 (Note 2)	816,000	0.008%

Notes:

1. 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.

2. Such 816,000 shares are jointly held by Mr. Donald Jeffrey Roberts and his wife.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2021, 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 December 2021, 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%
CK Hutchison Holdings Limited	Interest of controlled corporations	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	Interest of controlled corporations	2,835,759,715 (Note v)	29.50%

(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) Limited ("CKH"), CKH is deemed to be interested in the same number of shares which Gotak Limited is deemed to be interested under the SFO.

iii. As CKH is wholly-owned by CK Hutchison Holdings Limited ("CK Hutchison"), CK Hutchison is deemed to be interested in the same number of shares which CKH is deemed to be interested under the SFO.

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. 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 2021, 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, sale of, and investment in, nutraceuticals, pharmaceuticals and agriculture-related products and assets; 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)
Victor T K Li	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(i) & (ii)
	CK Asset Holdings Limited	Chairman and Managing Director	(i)
	CK Infrastructure Holdings Limited	Chairman	(ii)
	Power Assets Holdings Limited	Non-executive Director	(ii)
Kam Hing Lam	CK Hutchison Holdings Limited	Deputy Managing Director	(i) & (ii)
	CK Asset Holdings Limited	Deputy Managing Director	(i)
	CK Infrastructure Holdings Limited	Group Managing Director	(ii)
Ip Tak Chuen, Edmond	CK Hutchison Holdings Limited	Deputy Managing Director	(i) & (ii)
	CK Asset Holdings Limited	Deputy Managing Director	(i)
	CK Infrastructure Holdings Limited	Deputy Chairman	(ii)
Peter Peace Tulloch	Ittelocin Pty Ltd	Director	(i)

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

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 2021 under the Listing Rules:

(1) Supply Agreement

The Existing Supply Agreement (as defined and more particularly described in the announcement of the Company dated 16 December 2020 (the "New Supply Announcement")) had expired on 31 December 2020.

On 16 December 2020, the Company entered into a New CKHH Supply Agreement (as defined and more particularly described in the New Supply Announcement) with CK Hutchison Holdings Limited ("CKHH"). CKHH was interested in approximately 45.31% of the issued share capital of the Company as at 16 December 2020 and therefore is a substantial shareholder of the Company, and thus CKHH is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the New CKHH Supply Agreement between the Company and CKHH constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules (hereinafter referred to as the "Continuing Connected Transactions I"). Mr. Victor T K Li, being a director of the Company, voluntarily abstained from voting on the board resolutions of the Company for approving the Continuing Connected Transactions I. Under the New CKHH Supply Agreement, (a) the Company agreed to continue to provide and/or procure members of the Group to provide the Products (as defined in the New Supply Announcement) to the CKHH Group (as defined in the New Supply Announcement) for a term of three years commencing from 1 January 2021 to 31 December 2023; and (b) CKHH agreed to continue to purchase and/or procure members of the CKHH Group (in respect of those members of the CKHH Group in which CKHH 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 CKHH Group both locally and overseas on a non-exclusive basis. In connection with the supply of the Products by the Group to the CKHH Group, relevant members of the Group may make the Sales Related Payments (as defined in the New Supply Announcement) to relevant members of the CKHH 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 CKHH Group).

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

Category of the Continuing Connected Transactions I	Annual caps (in HK$)		
	For the year ended 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
Transactions under or pursuant to the New CKHH Supply Agreement:			
(a) the value of the Products to be provided to the CKHH Group;	130,000,000	150,000,000	170,000,000
(b) the value of the Sales Related Payments payable by the Group	17,000,000	19,000,000	21,000,000

During the year 2021, the value of the Products provided by the Group to the CKHH Group and the value of the Sales Related Payments paid/payable by the Group to the CKHH Group pursuant to the New CKHH Supply Agreement amounted to HK$38,457,000 and HK$7,142,000 respectively. Details of the Continuing Connected Transactions I were disclosed in the New Supply Announcement.

(2) Management Agreement

The Existing Management Agreement (as defined and more particularly described in the announcement of the Company dated 18 December 2019 (the "New Management Announcement")) had expired on 31 December 2019.

On 18 December 2019, Regenal Management Services Pty Limited ("RMSPL"), a wholly-owned subsidiary of the Company and Ittelocin Pty Ltd ("IPL"), a wholly-owned subsidiary of CK Asset Holdings Limited ("CKA") entered into a new management agreement (the "New Management Agreement") (as defined and more particularly described in the New Management Announcement). Given that Mr. Li Ka-shing, Mr. Victor T K Li (being a director of the Company) and the Trust (as defined in the New Management Announcement) have been deemed as a group of connected persons by the Stock Exchange and they directly or indirectly held an aggregate of approximately 32.40% of the issued share capital of CKA as at 18 December 2019, CKA may be regarded as a connected person of the Company under the Listing Rules. IPL, being a wholly-owned subsidiary of CKA, may also be regarded as a connected person of the Company under the Listing Rules, and the entering into of the New Management Agreement between RMSPL and IPL constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules (hereinafter referred to as the "Continuing Connected Transactions II"). Mr. Victor T K Li voluntarily abstained from voting on the board resolutions of the Company for approving the Continuing Connected Transactions II. Under the New Management Agreement, RMSPL agreed to provide and/or procure to provide general management services, property services, leasing services, acquisition and disposal services and capital expenditure and re-development services to IPL in respect of the Properties (as defined and more particularly described in the New Management Announcement) in Australia and New Zealand for a term commencing from 1 January 2020 and ending on the earlier of (i) the date on which the New Management Agreement is terminated in accordance with its terms; (ii) the date on which all Properties are sold or disposed of; or (iii) 31 December 2022.

The aggregate amount of fees receivable by RMSPL from IPL in respect of the Continuing Connected Transactions II cannot exceed the relevant annual caps set out below:

	Annual caps (in HK$)		
Continuing Connected Transactions II	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
The aggregate amount of fees receivable by RMSPL from IPL	15,000,000	20,000,000	25,000,000

During the year 2021, the aggregate amount of fees received/receivable by RMSPL from IPL pursuant to the New Management Agreement amounted to HK$6,450,000. Details of the Continuing Connected Transactions II were disclosed in the New Management Announcement.

The Continuing Connected Transactions I and Continuing Connected Transactions II (collectively referred to as the "Continuing Connected Transactions") have all been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors have confirmed that for the year 2021 the Continuing Connected Transactions were entered into (i) in the ordinary and usual course of business of the Group (except that the Continuing Connected Transactions II may not be considered as in the ordinary and usual course of business of the Company); (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 Company and its shareholders 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 (Revised) "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 2021 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's revenue from sales of goods or rendering of services attributable to the Group's five largest customers was less than 30% 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 a pro-rata basis to existing shareholders.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2021, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

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.

AUDIT COMMITTEE

The Group's annual report for the year ended 31 December 2021 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 151 to 153.

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 2022 annual general meeting.

On behalf of the Board

Victor T K Li

Chairman

Hong Kong, 15 March 2022

Deloitte. 德勤

To The Shareholders of
CK Life Sciences Int'l., (Holdings) Inc.
(incorporated in the Cayman Islands with limited liability)

OPINION

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 53 to 126, which comprise the consolidated statement of financial position as at 31 December 2021, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill as a key audit matter due to significance of the Group's goodwill in the context of the Group's consolidated financial statements, combined with the judgments involved in the management's impairment assessment of goodwill. As disclosed in note 17 to the consolidated financial statements, as at 31 December 2021, the carrying amount of goodwill (net of accumulated impairment losses) amounted to HK$2,816,894,000 which represented approximately 24% of the Group's total assets. As disclosed in note 3(e)(iii) to the consolidated financial statements, a cash-generating unit to which goodwill has been allocated is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the unit might be impaired. As set out in note 4 to the consolidated financial statements, the value in use requires the Group to estimate the future cash flows expected to arise from cash-generating units to which the goodwill belongs and a suitable discount rate by referencing to market comparables in order to calculate its present value. The key inputs to cash flow projections, including budgeted sales and gross margin, are subject to greater uncertainties in the current year due to uncertainty on how the COVID–19 pandemic may progress and evolve and volatility in financial markets. During the year ended 31 December 2021, no additional impairment of goodwill is considered by the management and details of the management's process for goodwill impairment assessment are disclosed in note 17.	Our procedures in relation to the impairment assessment of goodwill with the involvement of component auditor included: • Obtaining an understanding of the management's process and controls over the impairment assessment of goodwill; • Assessing the valuation methodology adopted by management in impairment assessment of goodwill in accordance with the requirements of the relevant HKFRSs; • Evaluating the historical accuracy of the cash flows projections from the respective cash-generating units to which the goodwill belongs by comparing them to the actual results in the current year and understanding the causes of any significant variances; • Evaluating the reasonableness of key inputs to cash flows projections used by the management, including budgeted sales and gross margin, and involving our internal valuation experts to assess the reasonableness of the discount rates applied in calculating the value in use; and • Performing sensitivity analysis on budgeted sales, gross margin, and discount rates to evaluate the magnitude of their impacts on the calculations of the value in use of the respective cash-generating units to which the goodwill belongs and assessing the reasonableness of the impairment assessment.

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter as the determination of the fair value of investment properties is dependent on certain significant unobservable inputs that involve the management's judgments, including current market rents for similar properties in the same location and condition, and appropriate discount rates. All of the Group's investment properties are measured at fair value which were revalued by the directors of the Company by reference to the valuation performed by independent qualified professional valuers (the "Valuers"). Details of the valuation techniques and key inputs used in the valuation are disclosed in notes 4 and 35(b) to the consolidated financial statements. As at 31 December 2021, the Group's investment properties carried at HK$2,047,858,000, represented approximately 17% of the Group's total assets. As disclosed in note 6 to the consolidated financial statements, net unrealised gain on fair value changes of investment properties of HK$71,406,000 was recognised in the consolidated income statement for the year.	Our procedures in relation to the valuation of investment properties with the involvement of component auditor included: • Obtaining an understanding of the management's process and controls over the valuation of investment properties; • Evaluating the competence, capabilities and objectivity of the Valuers and verifying their qualifications; • Assessing the appropriateness of the valuation techniques used by the Valuers; and involving our internal valuation experts to review the reasonableness of the significant inputs of a selection of investment properties adopted by the management, including current market rents for similar properties in the same location and condition, and discount rates; and • Checking the mathematical accuracy of the discounted cash flow of the investment properties using the inputs adopted by the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Li Man Kei.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

15 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**5,402,312**	4,942,544
Cost of sales		**(3,772,342)**	(3,535,638)
		1,629,970	1,406,906
Other income, gains and losses	6	**98,245**	161,619
Staff costs	7	**(571,564)**	(540,546)
Depreciation		**(106,698)**	(100,119)
Amortisation of intangible assets		**(7,590)**	(7,128)
Other expenses	8	**(707,506)**	(674,360)
Finance costs	9	**(97,823)**	(128,726)
Share of results of a joint venture		**1,205**	1,480
Profit before taxation		**238,239**	119,126
Taxation	10	**(75,438)**	6,102
Profit for the year	11	**162,801**	125,228
Attributable to:			
Shareholders of the Company		**162,801**	125,234
Non-controlling interests of subsidiaries		**–**	(6)
		162,801	125,228
Earnings per share	12		
– Basic		**1.69 cents**	1.30 cents
– Diluted		**1.69 cents**	1.30 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	HK$'000	*HK$'000*
Profit for the year	**162,801**	125,228
Other comprehensive (expenses)/income		
Items that will not be reclassified to profit or loss:		
Actuarial loss of defined benefit retirement plan	**(331)**	(835)
Gain on revaluation of property, plant and equipment	**–**	41,885
	(331)	41,050
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(283,974)**	478,323
Other comprehensive (expenses)/income for the year	**(284,305)**	519,373
Total comprehensive (expenses)/income for the year	**(121,504)**	644,601
Attributable to:		
Shareholders of the Company	**(121,504)**	644,607
Non-controlling interests of subsidiaries	**–**	(6)
	(121,504)	644,601

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment properties	14	**2,047,858**	2,032,170
Property, plant and equipment	15	**2,334,510**	2,349,000
Right-of-use assets	16	**430,869**	466,774
Intangible assets	17	**3,670,797**	3,741,656
Interests in a joint venture	18	**5,793**	6,526
Deferred taxation	27	**72,041**	89,871
		8,561,868	8,685,997
Current assets			
Equity investments	19	**11,669**	12,714
Tax recoverable		**5,635**	22,839
Inventories	20	**1,253,873**	1,370,102
Receivables and prepayments	21	**1,007,172**	927,019
Bank balances and deposits	22	**890,801**	958,998
		3,169,150	3,291,672
Current liabilities			
Payables and accruals	23	**(741,844)**	(806,086)
Bank borrowings	24	**(1,224,000)**	–
Lease liabilities	25	**(69,108)**	(73,701)
Taxation		**(40,150)**	(35,786)
		(2,075,102)	(915,573)
Net current assets		**1,094,048**	2,376,099
Total assets less current liabilities		**9,655,916**	11,062,096

Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current liabilities			
Bank borrowings	*24*	**(4,412,893)**	(4,502,861)
Lease liabilities	*25*	**(507,005)**	(513,939)
Other borrowings	*26*	**–**	(1,100,000)
Deferred taxation	*27*	**(223,765)**	(216,623)
Retirement benefit obligations	*28*	**(11,409)**	(10,214)
		(5,155,072)	(6,343,637)
Total net assets		**4,500,844**	4,718,459
Capital and reserves			
Share capital	*29*	**961,107**	961,107
Share premium and reserves		**3,542,477**	3,760,092
Equity attributable to shareholders of the Company		**4,503,584**	4,721,199
Non-controlling interests of subsidiaries		**(2,740)**	(2,740)
Total equity		**4,500,844**	4,718,459

Victor T K Li
Director

Ip Tak Chuen, Edmond
Director

15 March 2022

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Investment at fair value through other comprehensive income reserve HK$'000	Translation reserve HK$'000	Asset revaluation reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Attributable to non-controlling interests of subsidiaries HK$'000	Total HK$'000
As at 1 January 2020	961,107	3,474,768	(103,347)	(1,519,346)	–	(536,255)	1,900,557	4,177,484	(2,734)	4,174,750
Profit for the year	–	–	–	–	–	–	125,234	125,234	(6)	125,228
Exchange differences arising from translation of foreign operations	–	–	–	478,323	–	–	–	478,323	–	478,323
Actuarial loss of defined benefit retirement plan	–	–	–	–	–	–	(835)	(835)	–	(835)
Gain on revaluation of property, plant and equipment	–	–	–	–	41,885	–	–	41,885	–	41,885
Total comprehensive income/ (expenses) for the year	–	–	–	478,323	41,885	–	124,399	644,607	(6)	644,601
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(4,781)	–	(4,781)	–	(4,781)
Dividends paid to the shareholders of the Company – 2019 final dividend HK$0.01 per share	–	(96,111)	–	–	–	–	–	(96,111)	–	(96,111)
As at 31 December 2020	**961,107**	**3,378,657**	**(103,347)**	**(1,041,023)**	**41,885**	**(541,036)**	**2,024,956**	**4,721,199**	**(2,740)**	**4,718,459**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**162,801**	**162,801**	**–**	**162,801**
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**(283,974)**	**–**	**–**	**–**	**(283,974)**	**–**	**(283,974)**
Actuarial loss of defined benefit retirement plan	**–**	**–**	**–**	**–**	**–**	**–**	**(331)**	**(331)**	**–**	**(331)**
Total comprehensive (expenses)/ income for the year	**–**	**–**	**–**	**(283,974)**	**–**	**–**	**162,470**	**(121,504)**	**–**	**(121,504)**
Dividends paid to the shareholders of the Company – 2020 final dividend HK$0.01 per share	**–**	**(96,111)**	**–**	**–**	**–**	**–**	**–**	**(96,111)**	**–**	**(96,111)**
As at 31 December 2021	**961,107**	**3,282,546**	**(103,347)**	**(1,324,997)**	**41,885**	**(541,036)**	**2,187,426**	**4,503,584**	**(2,740)**	**4,500,844**

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 *HK$'000*	2020 *HK$'000*
Profit before taxation	**238,239**	119,126
Share of results of a joint venture	**(1,205)**	(1,480)
Finance costs	**97,823**	128,726
Depreciation	**239,294**	213,237
Fair value loss on investments mandatorily measured at fair value through profit or loss	**1,045**	3,922
Net loss on disposal of property, plant and equipment	**764**	1,802
Interest income	**(1,425)**	(2,368)
Amortisation of intangible assets	**7,590**	7,128
Net unrealised gain on fair value changes of investment properties	**(71,406)**	(122,820)
Net reversal of impairment of property, plant and equipment	**(2,786)**	(9,391)
Impairment of intangible assets	**13,058**	–
Net impairment of trade receivables	**2,924**	14,384
Write-down of inventories	**59,676**	74,168
Operating cash flows before working capital changes	**583,591**	426,434
Decrease/(increase) in inventories	**16,239**	(186,655)
(Increase)/decrease in receivables and prepayments	**(117,361)**	251,168
(Decrease)/increase in payables and accruals	**(40,471)**	92,226
Profits tax paid	**(18,423)**	(52,218)
Net cash from operating activities	**423,575**	530,955
Investing activities		
Purchases of investment properties	**(44,788)**	(81,845)
Purchases of property, plant and equipment	**(216,202)**	(335,436)
Additions to intangible assets	**(1,046)**	(44,400)
Proceeds from disposal of property, plant and equipment	**1,138**	1,196
Dividends received from a joint venture	**1,588**	693
Interest received	**1,426**	2,480
Net cash used in investing activities	**(257,884)**	(457,312)

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Financing activities			
New bank borrowings raised		**1,150,000**	3,265,913
Repayment of bank borrowings		**–**	(2,797,913)
New other borrowings raised		**–**	1,100,000
Repayment of other borrowings		**(1,100,000)**	(1,100,000)
Repayment of lease liabilities – Principal portion		**(75,873)**	(68,993)
Repayment of lease liabilities – Interest portion		**(23,481)**	(21,318)
Interest paid on bank and other borrowings		**(74,616)**	(108,055)
Acquisition of additional interests in subsidiaries		**–**	(4,781)
Dividends distributed to shareholders of the Company		**(96,111)**	(96,111)
Net cash (used in)/from financing activities		**(220,081)**	168,742
Net (decrease)/increase in cash and cash equivalents		**(54,390)**	242,385
Cash and cash equivalents at beginning of the year		**958,998**	696,504
Effect of foreign exchange rate changes		**(13,807)**	20,109
Cash and cash equivalents at end of the year	22	**890,801**	958,998

1. GENERAL INFORMATION

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 is the same as the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in research and development, manufacturing, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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

Except as described below, the adoption of other new HKFRSs has no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

Amendment to HKFRS 16 COVID-19-Related Rent Concessions

Amendment to HKFRS 16 COVID-19-Related Rent Concessions is effective in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The application does not have impact on the Group's financial position and performance as the Group does not obtain any rent concessions.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("HKFRS 7").

Upon the application of the amendments on 1 January 2021, the bank borrowings of the Group were HK$4,502.9 million. Included in the balances were bank borrowings of HK$936 million carrying interest at floating rate, which are indexed to USD London Interbank Offered Rate ("LIBOR") and the USD LIBOR will continue to maturity. There are no changes to the basis for determining contractual cash flows of the Group's financial asset and financial liabilities as a result of interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts have been transitioned to the relevant replacement rates during the year. Additional disclosures as required by HKFRS 7 are set out in note 34.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

In addition, the Group applied the agenda decision of the International Financial Reporting Standards Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 Effective for annual periods beginning on or after a date to be determined

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group may recognise a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings at the beginning of the earliest comparative period presented.

Apart from the above, the Group is also in the process of assessing the impact of other new HKFRSs, which are not yet effective, on the Group's consolidated financial statements. Up to the date of approval of financial statements, the Group anticipates the application of such new and amendments to HKFRSs will have no material impact on the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 Share-based Payment ("HKFRS 2"), leasing transactions that are within the scope of HKFRS 16 Leases ("HKFRS 16"), and measurements that have some similarities to fair value but not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets ("HKAS 36").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

If the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique shall be calibrated so that at initial recognition the result of the valuation technique equals the transaction price.

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.

(a) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company and 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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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 relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. 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 under the heading of other reserves and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. 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 carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the owners of the Company. 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 HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 ("HKAS 12") 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 at the acquisition date;

– 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 ("HKFRS 5") are measured in accordance with that standard; and

– lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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 amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date. 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 relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Business combinations (cont'd)

Where the consideration transferred by the Group in a business combination includes 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 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 to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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 retrospectively 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, adjusted to exclude any prepaid or accrued operating lease income. 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 on 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 property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment, other than freehold land, salt fields and construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost 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 basis:

Leasehold improvement	3⅔% to 20%, or over the term of the lease, whichever is shorter
Buildings	2% to 10%, or over the term of the lease, whichever is shorter
Vines	Over 25 to 80 years
Laboratory instruments, plant and equipment	4% to 40%
Furniture, fixtures and other assets	6⅔% to 66⅔%

Freehold land is stated at cost less any subsequent accumulated impairment losses.

Salt fields carried at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated impairment losses. The carrying amount of salt fields includes the carrying amount of the related lease liabilities where appropriate to avoid double counting. Salt fields are considered to have an indefinite useful life as the salt field operation is carried out on freehold lands or on leasehold lands, of which the leases may be renewed by the Group indefinitely.

Any revaluation increase arising from the revaluation of salt fields is recognised in other comprehensive income and accumulated in the asset 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 asset 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 earnings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

If a property 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 (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

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.

(e) 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 activities 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 accumulated amortisation and accumulated impairment losses, if any. Amortisation of development costs shall begin when the asset is available for use and will be 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)

(e) *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 on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) 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 (or group of cash-generating units) is less than its carrying amount of the unit, the carrying amount of the cash-generating unit (or group of cash-generating units) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. The impairment loss is allocated first to reduce the carrying amount of any goodwill, and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or the group of cash-generating units). 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 (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill), the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

iv. Brand name and trademarks

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

Brand name and trademarks are recognised at cost less any accumulated impairment losses. The cost is not amortised as the brand name and trademarks have indefinite useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

v. Water rights

Water rights provide the owner with right to use water for irrigation 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.

vi. Other intangible assets (including customer relationships and computer software)

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 2 to 10 years.

vii. Impairment of intangible assets with indefinite useful lives

Brand name and 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 to the extent 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. A reversal of an impairment loss is recognised immediately in profit or loss.

viii. Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (other than goodwill, development costs and intangible assets with indefinite useful lives) 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets is estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, 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 of disposal 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 asset/cash-generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset/a 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 under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of an asset/a cash-generating unit is increased to the revised estimate of its recoverable amount, but 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/cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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 that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in joint ventures

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 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 or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of 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 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 joint ventures. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 joint venture.

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

The Group assesses whether there is objective evidence that the investment in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in joint ventures (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be 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 joint venture and the retained interest is a financial asset in accordance with HKFRS 9, 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. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that 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 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) upon disposal/partial disposal of the relevant joint venture.

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

(h) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from contracts with customers ("HKFRS 15"). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

i. Classification of financial assets

Debt instruments

HKFRS 9 has three financial asset classification categories for investments in debt instruments:

– amortised cost;

– fair value through other comprehensive income ("FVTOCI"); and

– fair value through profit or loss ("FVTPL").

Classification is driven by the entity's business model for managing the debt instrument and the debt instrument's contractual cash flow characteristics.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

– the asset is held within a business model with the objective of collecting the contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group classifies its financial assets as FVTOCI only if both of the following criteria are met:

– the objective of the Group's business model is to hold the asset to collect the contractual cash flows and to sell financial assets; and

– the 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 outstanding.

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL.

Receivables, bank balances and deposits of the Group are classified as at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

i. Classification of financial assets (cont'd)

Equity investments

Investment in equity instruments are always measured at fair value. Equity instruments that are held for trading are measured at FVTPL.

The Group has made an irrevocable election at initial recognition to designate the investments in equity instruments which are not held for trading to be measured at FVTOCI rather than profit or loss.

ii. Measurement of financial assets

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is recognised in profit or loss as other income, gains and losses using the effective interest method.

Equity investments classified as FVTOCI

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Equity investments that are elected by the Group's management to be classified as FVTOCI do not report impairment losses (and reversal of impairment losses) separately from other changes in fair value. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Financial assets at FVTPL

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss as other income, gains and losses as applicable.

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

iii. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables related to sales of goods and operating leases only, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9. Management considers trade receivables do not contain a significant financing component. Thus, the impairment provision recognised during the year was equal to the lifetime expected losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

iii. Impairment of financial assets (cont'd)

For all other financial assets measured at amortised cost that are considered to be of low credit risk (i.e. has a lower risk of default), it is assumed that no significant increase in credit risk has occurred since initial recognition. Thus, the impairment provision recognised during the year was limited to 12-month expected losses.

When there is information (developed internally or obtained from external sources) indicating that a debtor is unlikely to pay its creditors, including the Group, in full, the Group may consider the related receivables are generally not recoverable and constitute as a default.

A financial asset is regarded as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the counterparty; or

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of expected credit losses reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the expected credit losses is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

iv. Classification and measurement of financial liabilities

Financial liabilities including bank borrowings, other borrowings and payables are measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

v. 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 measured at amortised cost, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an equity investment which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings.

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

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(j) Revenue from contracts with customers

Revenue from the sale of goods is recognised when (or as) a performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer, generally upon delivery of the goods. Revenue is recognised for sales with variable consideration which are considered highly probable that a significant reversal of the cumulative revenue recognised will not occur.

When the Group receives a deposit before the satisfaction of a performance obligation of the sales, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. Payments received in advance that are related to sales of goods not yet delivered are deferred and recognised as contract liabilities under "Payables and accruals" in the consolidated statement of financial position. Revenue is recognised at a point in time when goods are delivered to customers. All contracts of sales of goods have an original expected duration within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low value assets. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes:

– the amount of the initial measurement of the lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the Group; and

– an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation is recognised on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases (cont'd)

The Group as lessee (cont'd)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in index or rate in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases (cont'd)

The Group as lessee (cont'd)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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.

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.

(l) Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised in the line item under "other income, gains and losses" on the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Retirement Benefits

The Group operates defined contribution and defined benefit retirement plans for its employees.

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.

The cost of providing retirement benefits under the Group's defined benefit retirement plan is determined using the projected unit credit method, with actuarial valuations being carried out annually.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation. The liability recognised in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past and current service costs are charged to the consolidated income statement within staff costs.

(n) 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 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 disposal of the Group's control over the foreign operation.

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, unless exchange rates fluctuate significantly during 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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) *Foreign currencies (cont'd)*

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 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 joint arrangements that do not result in the Group losing 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.

(o) *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 taxation 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 and interests in joint ventures, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Taxation (cont'd)

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.

For the purposes of measuring deferred tax 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(p) Borrowing costs

All borrowing costs not eligible for capitalisation 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, the 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 and liabilities include investment properties, property, plant and equipment, goodwill, development costs, right-of-use assets, lease liabilities and deferred taxation.

The Group's investment properties 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.

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and the practice in similar industry. Management will increase or decrease the depreciation charge where updated estimated useful lives of the property, plant and equipment are less or more than the previously estimated useful lives. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expenses in the future periods.

Determining whether property, plant and equipment, right-of-use assets and goodwill have been impaired requires an estimation of the value in use of the assets or the cash-generating units to which the assets belong. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or the cash-generating units and a suitable discount rate by referencing to market comparables in order to calculate the present value. Where the actual future cash flows are less than the expected future cash flows, impairment losses may arise. Furthermore, the key inputs to the cash flows projections, including budgeted sales and gross margin, are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets.

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 17.

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include renewal option. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Leases are considered no longer enforceable when the Group as the lessee and the relevant lessors both have the right to terminate the lease without permission from the other party with no more than an insignificant contractual/economic penalty.

Determining whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee and that affects the assessment. When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options.

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

As at 31 December 2021, a deferred tax asset of HK$72,041,000 (2020: HK$89,871,000) 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, which is a key source of estimation uncertainty especially in the current year given the significant uncertainty on the potential disruption of Group's operations due to the COVID-19. 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

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 of investment properties include those related to current market rents for similar properties in the same location and condition and appropriate discount rates.

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 are disclosed in note 35.

5. REVENUE

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

	2021 HK$'000	2020 HK$'000
Sales of goods:		
Agriculture-related	**2,091,543**	1,961,086
Health	**3,122,293**	2,814,728
Revenue from contracts with customers	**5,213,836**	4,775,814
Rental income (included in agriculture-related segment)	**187,100**	165,824
Investment income	**1,376**	906
	5,402,312	4,942,544

Rental income represents the operating lease income with fixed lease payments.

6. OTHER INCOME, GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	**727**	1,096
Other interest income	**698**	1,272
Government grants*	**4,515**	21,924
Exchange gain	**4,206**	8,150
Net unrealised gain on fair value changes of investment properties	**71,406**	122,820
Net reversal of impairment of property, plant and equipment	**2,786**	9,391
Impairment of intangible assets	**(13,058)**	–
Net impairment of trade receivables	**(2,924)**	(14,384)
Net loss on disposal of property, plant and equipment	**(764)**	(1,802)
Fair value loss on investments mandatorily measured at fair value through profit or loss		
– Investments held for trading	**(1,045)**	(3,922)

* Included in the government grants are COVID-19 subsidies of HK$4,515,000 (2020: HK$17,061,000) received from the Group's overseas operations. During the year ended 31 December 2020, the Group received COVID-19 subsidies of HK$4,863,000 related to Employment Support Scheme provided by the Hong Kong government.

7. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK$1,069.5 million (2020: HK$1,019.9 million) of which HK$497.9 million (2020: HK$479.4 million) relating to direct labor costs were included in cost of sales.

8. OTHER EXPENSES

	2021	2020
	HK$'000	*HK$'000*
Included in other expenses are:		
Auditor's remuneration	**13,198**	12,667
Clinical trial and laboratory expenses	**110,982**	107,382
Freight and delivery expenses	**295,666**	264,255
Information technology expenses	**27,842**	27,965
Insurance expenses	**33,350**	33,619
Professional, legal and consultancy expenses	**44,448**	47,769
Selling, promotion, advertising and related expenses	**71,291**	62,982

9. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**59,389**	85,734
Other borrowings	**15,305**	22,116
Lease liabilities	**23,129**	20,876
	97,823	128,726

10. TAXATION

	2021 HK$'000	2020 HK$'000
The tax expenses/(credit) for the year represent:		
Current tax		
Hong Kong	**137**	184
Other jurisdictions	**41,092**	39,387
Over provision in prior years		
Hong Kong	**(12)**	–
Other jurisdictions	**(238)**	(796)
Deferred tax *(Note 27)*		
Hong Kong	**–**	–
Other jurisdictions	**34,459**	(44,877)
	75,438	(6,102)

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

	2021 HK$'000	2020 HK$'000
Profit before taxation	**238,239**	119,126
Notional tax at tax rate of 16.5%	**39,309**	19,656
Tax effect of share of results of a joint venture	**(199)**	(244)
Tax effect of non-deductible expenses	**26,929**	23,505
Tax effect of non-taxable income	**(27,133)**	(34,666)
Tax effect of tax losses not recognised	**24,080**	22,239
Over provision in prior years	**(250)**	(796)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**19,004**	(11,847)
Recognition of previously unrecognised tax losses	**(3,389)**	(26,699)
Others	**(2,913)**	2,750
Tax expenses/(credit)	**75,438**	(6,102)

11. PROFIT FOR THE YEAR

	2021 **HK$'000**	2020 HK$'000
Profit for the year has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment		
– Owned assets	**156,141**	134,469
Right-of-use assets		
– Land and buildings	**69,643**	66,220
– Machinery and equipment	**6,455**	4,439
– Furniture, fixtures and other assets	**7,055**	8,109
	239,294	213,237
Amounts included in production overheads	**(132,596)**	(113,118)
	106,698	100,119
Write-down of inventories	**59,676**	74,168
and after crediting:		
Rental income from investment properties (included in revenue)	**187,100**	165,824
Dividend income from listed securities mandatorily measured at fair value through profit or loss (included in revenue)	**1,376**	906

12. EARNINGS PER SHARE

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

	2021 HK$'000	2020 HK$'000
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	**162,801**	125,234
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

Diluted earnings per share for the years ended 31 December 2021 and 31 December 2020 are the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

13. DIVIDENDS

A final dividend for the year ended 31 December 2021 of HK$0.01 per share (2020: HK$0.01 per share) with an aggregate amount of HK$96,111,000 (2020: HK$96,111,000) had been proposed by the Directors. It is subject to approval by the shareholders in the forthcoming general meeting.

14. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
Overseas freehold investment properties, at valuation		
As at 1 January	**2,032,170**	1,673,043
Additions	**44,788**	81,845
Net increase in fair value recognised in profit or loss	**71,406**	122,820
Exchange differences	**(100,506)**	154,462
As at 31 December	**2,047,858**	2,032,170

Details of the valuation processes and valuation techniques of investment properties are disclosed in notes 4 and 35(b).

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Vines HK$'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 2020	607,401	575,859	407,679	118,881	981,245	154,312	169,320	3,014,697
Additions	138	82,934	13,551	220,499	21,963	9,832	70	348,987
Reclassification	7,503	–	1,837	(243,642)	112,059	13,058	109,185	–
Disposals/write-off	–	–	–	(81)	(7,330)	(1,340)	(11,281)	(20,032)
Revaluation	–	–	59,836	–	–	–	–	59,836
Exchange difference	43,178	55,920	37,884	6,975	67,641	6,496	5,052	223,146
As at 31 December 2020	**658,220**	**714,713**	**520,787**	**102,632**	**1,175,578**	**182,358**	**272,346**	**3,626,634**
Additions	**614**	**16,565**	**23,502**	**147,276**	**43,088**	**8,659**	**–**	**239,704**
Reclassification	**6,862**	**–**	**–**	**(108,999)**	**83,145**	**3,765**	**15,227**	**–**
Disposals/write-off	**(163)**	**–**	**–**	**(384)**	**(1,545)**	**(3,293)**	**–**	**(5,385)**
Exchange difference	**(25,941)**	**(36,302)**	**(27,843)**	**(6,204)**	**(40,534)**	**(3,561)**	**(3,096)**	**(143,481)**
As at 31 December 2021	**639,592**	**694,976**	**516,446**	**134,321**	**1,259,732**	**187,928**	**284,477**	**3,717,472**
Comprising:								
Cost	**639,592**	**694,976**	**–**	**134,321**	**1,259,732**	**187,928**	**284,477**	**3,201,026**
Valuation	**–**	**–**	**516,446**	**–**	**–**	**–**	**–**	**516,446**
	639,592	**694,976**	**516,446**	**134,321**	**1,259,732**	**187,928**	**284,477**	**3,717,472**
Depreciation and impairment								
As at 1 January 2020	100,993	236,195	–	–	538,692	119,653	102,182	1,097,715
Provided for the year	12,711	24,657	–	–	71,056	13,027	13,018	134,469
Reversal of impairment loss	–	(9,391)	–	–	–	–	–	(9,391)
Eliminated upon disposals/write-off	–	–	–	–	(6,804)	(1,173)	(9,057)	(17,034)
Exchange difference	5,473	23,828	–	–	35,241	5,477	1,856	71,875
As at 31 December 2020	**119,177**	**275,289**	**–**	**–**	**638,185**	**136,984**	**107,999**	**1,277,634**
Provided for the year	**13,991**	**31,574**	**–**	**–**	**79,469**	**15,946**	**15,161**	**156,141**
Reversal of impairment loss	**–**	**(2,786)**	**–**	**–**	**–**	**–**	**–**	**(2,786)**
Eliminated upon disposals/write-off	**(163)**	**–**	**–**	**–**	**(1,006)**	**(2,314)**	**–**	**(3,483)**
Exchange difference	**(3,555)**	**(14,662)**	**–**	**–**	**(22,509)**	**(2,546)**	**(1,272)**	**(44,544)**
As at 31 December 2021	**129,450**	**289,415**	**–**	**–**	**694,139**	**148,070**	**121,888**	**1,382,962**
Carrying values								
As at 31 December 2021	**510,142**	**405,561**	**516,446**	**134,321**	**565,593**	**39,858**	**162,589**	**2,334,510**
As at 31 December 2020	539,043	439,424	520,787	102,632	537,393	45,374	164,347	2,349,000

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

The carrying value of properties shown above comprises:

	2021 HK$'000	2020 HK$'000
Land and building:		
Hong Kong	**64,945**	67,492
Overseas	**445,197**	471,551
	510,142	539,043

Details of the valuation processes and valuation techniques of salt fields are disclosed in notes 4 and 35(b).

During the year ended 31 December 2021, the management conducted reviews on the recoverable amounts of property, plant and equipment. As a result, reversal of impairment losses of HK$2,786,000 (2020: HK$9,391,000) have been recognised in profit or loss to increase the carrying amounts of vines to their recoverable amounts.

16. RIGHT-OF-USE ASSETS

	2021 HK$'000	2020 HK$'000
Land and buildings	**411,634**	446,046
Machinery and equipment	**12,757**	11,893
Furniture, fixtures and other assets	**6,478**	8,835
	430,869	466,774

The Group obtains right to control the use of various offices, plant sites, machinery, equipment and motor vehicles for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and remaining lease terms ranging from 1 month to 26 years. The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The leased assets may not be used as security for borrowing purposes.

Additions to the right-of-use assets including adjustments made thereto resulting from a reassessment of the corresponding lease liabilities and extension of leases during the year ended 31 December 2021 totalled HK$53,555,000 (2020: HK$103,088,000).

During the year ended 31 December 2021, total cash outflow for leases of HK$99,354,000 (2020: HK$90,311,000) was included in net cash used in financing activities.

16. RIGHT-OF-USE ASSETS (CONT'D)

During the year ended 31 December 2021, the expenses relating to short-term leases and low value assets leases amounted to HK$4,536,000 (2020: HK$4,243,000) and HK$59,000 (2020: HK$548,000), respectively. The total cash outflow for short-term leases and low value assets leases was included in net cash from operating activities.

In addition, the Group regularly entered into short-term leases for offices, equipment and motor vehicles. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

As at 31 December 2021, the Group has entered into a new lease for office that has not yet commenced, with a non-cancellable period of 1 year (2020: 1 year) excluding extension option, the total future undiscounted cash flows over the non-cancellable period amounted to approximately HK$688,000 (2020: HK$648,000).

17. INTANGIBLE ASSETS

	Development costs *HK$'000*	Patents *HK$'000*	Goodwill *HK$'000*	Brand name and trademarks *HK$'000*	Customer relationships *HK$'000*	Water rights *HK$'000*	Other intangible assets *HK$'000*	Total *HK$'000*
Cost								
As at 1 January 2020	418,653	134	2,786,249	123,595	368,041	260,585	28,237	3,985,494
Additions	–	–	–	–	–	43,315	1,085	44,400
Exchange difference	5,123	13	62,243	7,101	16,017	33,604	1,815	125,916
As at 31 December 2020	**423,776**	**147**	**2,848,492**	**130,696**	**384,058**	**337,504**	**31,137**	**4,155,810**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**1,046**	**1,046**
Disposals/write-off	**–**	**–**	**–**	**–**	**–**	**–**	**(4,469)**	**(4,469)**
Exchange difference	**342**	**(8)**	**(31,598)**	**(3,168)**	**(8,938)**	**(17,211)**	**(1,076)**	**(61,657)**
As at 31 December 2021	**424,118**	**139**	**2,816,894**	**127,528**	**375,120**	**320,293**	**26,638**	**4,090,730**
Amortisation and impairment								
As at 1 January 2020	466	111	–	–	359,362	15,296	13,454	388,689
Provided for the year	–	–	–	–	3,985	–	3,143	7,128
Exchange difference	12	11	–	–	15,587	1,479	1,248	18,337
As at 31 December 2020	**478**	**122**	**–**	**–**	**378,934**	**16,775**	**17,845**	**414,154**
Provided for the year	**–**	**–**	**–**	**–**	**4,345**	**–**	**3,245**	**7,590**
Eliminated upon disposals/ write-off	**–**	**–**	**–**	**–**	**–**	**–**	**(4,469)**	**(4,469)**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**13,058**	**–**	**13,058**
Exchange difference	**1**	**(6)**	**–**	**–**	**(8,852)**	**(853)**	**(690)**	**(10,400)**
As at 31 December 2021	**479**	**116**	**–**	**–**	**374,427**	**28,980**	**15,931**	**419,933**
Carrying values								
As at 31 December 2021	**423,639**	**23**	**2,816,894**	**127,528**	**693**	**291,313**	**10,707**	**3,670,797**
As at 31 December 2020	423,298	25	2,848,492	130,696	5,124	320,729	13,292	3,741,656

17. 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 brand name and trademarks with indefinite useful lives have been allocated to six individual cash generating units (CGUs), including three in the health segment and three in the agriculture-related segment. The carrying amounts of goodwill and brand name and trademarks (net of accumulated impairment losses) as at 31 December 2021 allocated to these segments are as follows:

	Goodwill		**Brand name and trademarks**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Health	**2,499,441**	2,515,985	**62,887**	62,784
Agriculture-related	**317,453**	332,507	**64,641**	67,912
	2,816,894	2,848,492	**127,528**	130,696

During the year ended 31 December 2021, management of the Group has assessed the recoverable amounts of the Group's CGUs containing goodwill or brand name and 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 based on 5-year period financial budgets approved by management, and discount rates of 9.1% to 11.5% (2020: 9.1% to 11.5%). The CGUs cash flows beyond budget period are extrapolated using steady growth rates. 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 with the impact of COVID-19 for market development.

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

During the year ended 31 December 2021, the management conducted reviews on the recoverable amounts of water rights entitlements. As a result, impairment loss of HK$13,058,000 (2020: nil) has been recognised in profit or loss to reduce the carrying amount of intangible assets to their recoverable amount.

Other intangible assets include computer software.

18. INTERESTS IN A JOINT VENTURE

	2021 *HK$'000*	2020 *HK$'000*
Cost of investment in a joint venture, unlisted	**5,420**	5,420
Share of post-acquisition results, net of dividends received	**3,006**	3,389
Exchange reserve	**(2,633)**	(2,283)
Aggregate carrying amount	**5,793**	6,526
Group's share of results and total comprehensive income of a joint venture for the year	**1,205**	1,480
Dividends received from a joint venture during the year	**1,588**	693

Particulars regarding the principal joint venture are set out in Appendix II.

19. EQUITY INVESTMENTS

	2021 *HK$'000*	2020 *HK$'000*
Listed in Hong Kong at quoted price		
– Equity investments mandatorily measured at fair value through profit or loss	**11,669**	12,714

20. INVENTORIES

	2021 *HK$'000*	2020 *HK$'000*
Raw materials	**652,453**	795,375
Work in progress	**357,551**	285,413
Finished goods	**243,869**	289,314
	1,253,873	1,370,102

The cost of inventories recognised as an expense during the year was HK$3,772,342,000 (2020: HK$3,535,638,000).

21. RECEIVABLES AND PREPAYMENTS

	2021 **HK$'000**	2020 HK$'000
Trade receivables related to:		
– Sales of goods	**848,104**	771,479
– Operating leases	**1,741**	3,938
	849,845	775,417
Less: provision for impairment	**(6,908)**	(12,061)
	842,937	763,356
Prepayments and deposits	**113,550**	105,118
Other receivables	**50,685**	58,545
	1,007,172	927,019

As at 31 December 2021, trade receivables from contracts with customers amounted to HK$841,196,000 (2020: HK$759,418,000).

The Group has a policy of allowing a 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:

	2021 **HK$'000**	2020 HK$'000
0-90 days	**761,264**	718,412
Over 90 days	**81,673**	44,944
	842,937	763,356

21. RECEIVABLES AND PREPAYMENTS (CONT'D)

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

The movements in lifetime expected credit losses recognised for trade receivables under the simplified approach are as follows:

	2021 ***HK$'000***	2020 *HK$'000*
As at 1 January	**12,061**	8,366
Impairment loss recognised	**3,293**	14,639
Amounts recovered during the year	**(369)**	(255)
Uncollectible amounts written off	**(7,878)**	(10,985)
Exchange difference	**(199)**	296
As at 31 December	**6,908**	12,061

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

22. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry an average interest rate of 0.09% (2020: 0.16%) per annum.

The Directors consider that the carrying amounts of bank balances and deposits approximate their fair values.

23. PAYABLES AND ACCRUALS

	2021 ***HK$'000***	2020 *HK$'000*
Trade payables	**278,991**	314,129
Accrued charges	**347,190**	356,780
Other payables	**115,663**	135,177
	741,844	806,086

23. PAYABLES AND ACCRUALS (CONT'D)

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

	2021 *HK$'000*	2020 *HK$'000*
0-90 days	**271,759**	306,503
Over 90 days	**7,232**	7,626
	278,991	314,129

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

Included in the other payables are contract liabilities of HK$32,254,000 (2020: HK$38,560,000) relate to the advance consideration received from customers. Contract liabilities are recognised as revenue when the Group transfers the goods to the customers and therefore satisfies its performance obligation. In addition, included in the accrued charges are staff costs of HK$130,554,000 (2020: HK$139,496,000).

The following table shows the revenue recognised in the current reporting period related to carried-forward contract liabilities:

	2021 *HK$'000*	2020 *HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**38,560**	11,920

The Group's contracts are generally with an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

24. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank loans repayable		
Within 1 year	**1,224,000**	–
Over 1 year but within 2 years	**3,262,893**	1,224,000
Over 2 years but within 5 years	**1,150,000**	3,278,861
	5,636,893	4,502,861
Analysed as:		
Secured	**326,893**	342,861
Unsecured	**5,310,000**	4,160,000
	5,636,893	4,502,861
Carrying amount analysed for reporting purpose as:		
Current	**1,224,000**	–
Non-current	**4,412,893**	4,502,861

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

	2021 HK$'000	2020 HK$'000
Australian dollars	**162,220**	170,718
New Zealand dollars	**164,673**	172,143
Hong Kong dollars	**4,374,000**	3,224,000
United States dollars	**936,000**	936,000
	5,636,893	4,502,861

As at 31 December 2021, the bank loans are arranged at floating rates with an effective interest rate of 1.25% (2020: 2.03%) per annum.

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

25. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable		
Within 1 year	**69,108**	73,701
Over 1 year but within 2 years	**65,293**	66,059
Over 2 years but within 5 years	**158,627**	176,846
Over 5 years*	**283,085**	271,034
	576,113	587,640
Carrying amount analysed for reporting purpose as:		
Current	**69,108**	73,701
Non-current	**507,005**	513,939

* The balance includes lease payments with perpetuity lease term amounted to HK$105,415,000 (2020: HK$87,560,000).

The Group has extension options in a number of leases for offices, plant sites and machinery. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2021, net additional lease liabilities with aggregate amounts of HK$2,995,000 (2020: HK$68,045,000) were recognised for certain leases of offices and plant sites.

The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise are summarised below:

	Lease liabilities with extension options recognised		Potential future lease payments not included in lease liabilities (undiscounted)	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Land and buildings	**415,486**	443,157	**646,509**	660,427
Machinery and equipment	**311**	529	**1,032**	1,062
	415,797	443,686	**647,541**	661,489

As at 31 December 2021 and 31 December 2020, land and buildings include lease liabilities related to certain lands leased for salt field operation.

26. OTHER BORROWINGS

	2021 **_HK$'000_**	2020 _HK$'000_
Other borrowings repayable		
Over 2 years but within 5 years	**–**	1,100,000
	–	1,100,000
Carrying amount analysed for reporting purpose as:		
Non-current	**–**	1,100,000

As at 31 December 2020, included in other borrowings was a loan of HK$498.4 million from a subsidiary of a substantial shareholder of the Company. The amount was unsecured, bearing interest with reference to Hong Kong Interbank Offered Rate (the "HIBOR") plus a margin of 1.60% per annum. It was originally due in January 2024 and has been fully repaid during the year ended 31 December 2021. The interest expense incurred for the year ended 31 December 2021 was HK6.9 million (2020: HK$10.2 million).

As at 31 December 2020, the remaining borrowing of HK$601.6 million was unsecured, bearing interest with reference to HIBOR plus a margin of 1.60% per annum. It was originally due in January 2024 and has been fully repaid during the year ended 31 December 2021.

As at 31 December 2020, the Directors considered that the carrying amounts of other borrowings approximated their fair value.

27. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Tax losses HK$'000	Revaluation of property, plant and equipment HK$'000	Others HK$'000	Total HK$'000
The Group						
As at 1 January 2020	86,566	336,674	(256,994)	–	(28,368)	137,878
Charge/(credit) to profit or loss	67,819	31,444	(82,336)	–	(61,804)	(44,877)
Charge to other comprehensive income	–	–	–	17,951	–	17,951
Exchange difference	15,627	970	–	–	(797)	15,800
As at 31 December 2020	**170,012**	**369,088**	**(339,330)**	**17,951**	**(90,969)**	**126,752**
Charge/(credit) to profit or loss	**66,979**	**23,866**	**(20,524)**	**–**	**(35,862)**	**34,459**
Exchange difference	**(8,645)**	**(552)**	**360**	**(913)**	**263**	**(9,487)**
As at 31 December 2021	**228,346**	**392,402**	**(359,494)**	**17,038**	**(126,568)**	**151,724**

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

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

	2021 ***HK$'000***	2020 *HK$'000*
Deferred tax liabilities	**223,765**	216,623
Deferred tax assets	**(72,041)**	(89,871)
	151,724	126,752

At the end of the reporting period, the total unutilised tax losses and tax credits amounted to approximately HK$4,816,005,000 (2020: HK$4,622,592,000). A deferred tax asset has been recognised in respect of such losses and credits of HK$1,608,231,000 (2020: HK$1,533,231,000). No deferred tax asset has been recognised in respect of the remaining HK$3,207,774,000 (2020: HK$3,089,361,000) 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.

27. DEFERRED TAXATION (CONT'D)

An analysis of the expiry dates of the tax losses and tax credits not recognised is as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Within 1 to 5 years	**–**	1,992
Over 5 years	**416,991**	441,290
No expiry date	**2,790,783**	2,646,079
	3,207,774	3,089,361

28. RETIREMENT PLANS

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 in respect of defined contribution plans for the year was HK$55,405,000 (2020: HK$49,472,000) and forfeited contribution during the year of HK$1,410,000 (2020: HK$1,056,000) was used to reduce the Group's contribution in the year.

Apart from those mentioned above, certain subsidiaries in Indonesia of the Company are subject to defined benefit retirement plans under local labour law. The plans are unfunded without any plan assets and covering eligible employees of its subsidiaries in Indonesia.

Actuarial valuation of the defined benefit plans was carried out at 31 December 2021 and 31 December 2020 by Amran Nangasan, a Fellow of the Society of Actuaries of Indonesia, of Kantor Konsultan Aktuaria Tubagus Syafrial & Amran Nangasan, to determine the pension obligation that was required to be disclosed and accounted for in the consolidated financial statements in accordance with HKAS 19 "Employee Benefits". The present value of the defined benefit obligations, the related current service cost and past service cost, if any, were measured using the Projected Unit Credit Method. Discount rates and expected rate of salary increase used for the purpose of the actuarial valuation were ranging from 6.7% to 6.8% (2020: 6.6% to 6.9%) and 10.0% (2020: 10.0%), respectively.

28. RETIREMENT PLANS (CONT'D)

Movements in net defined benefit obligations are as follows:

	2021 HK$'000	2020 HK$'000
The Group		
As at 1 January	**10,214**	8,403
Net charge to the consolidated income statement		
Current service cost	**1,917**	1,559
Net (credit)/charge to other comprehensive income		
Remeasurement loss:		
Actuarial (gain)/loss arising from change in financial assumption	**(156)**	486
Actuarial loss arising from experience adjustment	**487**	349
	331	835
Benefits paid	**(872)**	(393)
Exchange difference	**(181)**	(190)
As at 31 December	**11,409**	10,214

The below analysis shows how the defined benefit obligations as at 31 December 2021 and 31 December 2020 would have increased/(decreased) as a result of 1 per cent change in the significant actuarial assumptions.

	Increase in 1%		Decrease in 1%	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Discount rate	**(930)**	(756)	**1,084**	880
Expected rate of salary increase	**994**	606	**(876)**	(835)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

The defined benefit retirement plans expose the Group to actuarial risks, such as interest rate risk, longevity risk and salary risk.

29. 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 2020, 31 December 2020 and 31 December 2021	9,611,073	961,107

30. PLEDGE OF ASSETS

Bank borrowings of HK$326,893,000 (2020: HK$342,861,000) are secured by mortgages over the property, plant and equipment, investment properties and intangible assets of subsidiaries with an aggregate carrying value of HK$1,141,974,000 (2020: HK$1,081,868,000) as at 31 December 2021.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The total future minimum lease income receivables as lessor by the Group under non-cancellable operating leases in respect of vineyards with term ranging from 6 to 20 years were as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Within 1 year	**170,160**	184,151
Over 1 year but within 2 years	**163,567**	179,796
Over 2 years but within 3 years	**132,868**	158,180
Over 3 years but within 4 years	**114,261**	135,142
Over 4 years but within 5 years	**104,318**	115,637
Over 5 years	**606,958**	683,049
	1,292,132	1,455,955

32. 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:

	2021	2020
	HK$'000	*HK$'000*
Capital commitment in respect of the acquisition of plant and equipment, and maintenance of vineyards		
– contracted but not provided for	**39,131**	54,648
– authorised but not contracted for	**40,884**	8,511

33. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments paid or payable to the Company's Directors (comprise payments in connection with the management of the affairs of the Company and its subsidiaries and for their services as Directors) were as follows:

Name of Director	**Fees**	**Basic salaries and allowances**	**Bonuses**	**Retirement benefit scheme contributions**	**Total emoluments 2021**	Total emoluments 2020
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Executive Directors:						
Victor T K Li	125	–	–	–	**125**	79
Kam Hing Lam	75	–	2,700	–	**2,775**	2,725
Ip Tak Chuen, Edmond	100	–	1,450	–	**1,550**	1,477
Yu Ying Choi, Alan Abel	75	10,308	2,530	1,012	**13,925**	13,993
Toh Kean Meng, Melvin	75	4,138	1,020	408	**5,641**	5,577
Non-executive Director:						
Peter Peace Tulloch	75	–	–	–	**75**	75
Independent Non-executive Directors:						
Kwok Eva Lee	100	–	–	–	**100**	100
Kwan Kai Cheong	155	–	–	–	**155**	155
Colin Stevens Russel	100	–	–	–	**100**	143
Paul Joseph Tighe	205	–	–	–	**205**	159
Donald Jeffrey Roberts*	180	–	–	–	**180**	74
	1,265	14,446	7,700	1,420	**24,831**	24,557

* Mr. Donald Jeffrey Roberts had been appointed as an Independent Non-executive Director of the Company with effect from 15 July 2020.

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

(a) Directors' emoluments (cont'd)

The Directors' fees included an amount of HK$75,000 (2020: HK$75,000) for each Director and an additional amount of HK$80,000 (2020: HK$80,000), HK$25,000 (2020: HK$25,000), HK$25,000 (2020: 25,000) and HK$25,000 (2020: HK$25,000) for members of the audit committee, remuneration committee, nomination committee and sustainability committee (collectively the "Board Committees") respectively. Prior to 1 December 2020, such additional fees were only paid/payable to each Independent Non-executive Director who is also a member of the audit committee and remuneration committee. With effect from 1 December 2020, such additional fees were paid/payable to all Directors who are members of the Board Committees. All Directors' fees would be calculated in proportion 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 2021 and 31 December 2020. 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.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2020: two) of them are Directors whose emoluments are disclosed in note (a) above. The emoluments of the remaining three (2020: three) are as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Salary and other benefits	**13,657**	13,405
Bonus	**4,308**	4,656
Retirement benefits scheme contributions	**589**	586
	18,554	18,647

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

(b) *Five highest paid individuals (cont'd)*

Their emoluments were within the following bands:

	2021 *Number of employees*	2020 *Number of employees*
HK$5,000,001 to HK$5,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
HK$7,000,001 to HK$7,500,000	**–**	1
HK$7,500,001 to HK$8,000,000	**1**	–
	3	3

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

34. 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 and other borrowings) less cash, bank balances and time deposits. As at 31 December 2021, the net debt to net total capital ratio of the Group is approximately 51.33% (2020: 49.60%).

34. RISK MANAGEMENT (CONT'D)

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. Impairment provisions are made under expected credit loss model 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 2021 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.

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 based on the debtor's historical settlement records and management's past experience 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 disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables is set out in note 21.

Regarding to the trade and other receivables, the Group considers the probability of default upon initial recognition. Subsequently, the Group, on an ongoing basis, assesses whether there has been a significant increase in credit risk throughout each reporting period. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available. Forward-looking information considered includes debtor's credit rating and its business, financial or economic conditions which are expected to cause a significant decrease in debtor's ability to meet its obligation.

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.

34. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(b) Liquidity risk (cont'd)

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.

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:

	Trade and other payables *HK$'000*	Bank borrowings *HK$'000* (note i)	Lease liabilities *HK$'000* (note ii)	Other borrowings *HK$'000* (note i)	Total *HK$'000*
Year 2021					
Carrying amount	**394,654**	**5,636,893**	**576,113**	**–**	**6,607,660**
Total contractual undiscounted cash flow					
Within 1 year or on demand	**394,654**	**1,278,954**	**91,520**	**–**	**1,765,128**
Over 1 year but within 2 years	**–**	**3,297,095**	**85,493**	**–**	**3,382,588**
Over 2 years but within 5 years	**–**	**1,160,048**	**202,772**	**–**	**1,362,820**
Over 5 years	**–**	**–**	**235,766**	**–**	**235,766**
	394,654	**5,736,097**	**615,551**	**–**	**6,746,302**
Year 2020					
Carrying amount	449,306	4,502,861	587,640	1,100,000	6,639,807
Total contractual undiscounted cash flow					
Within 1 year or on demand	449,306	50,536	92,874	19,578	612,294
Over 1 year but within 2 years	–	1,265,901	82,839	19,578	1,368,318
Over 2 years but within 5 years	–	3,299,551	214,325	1,119,632	4,633,508
Over 5 years	–	–	210,880	–	210,880
	449,306	4,615,988	600,918	1,158,788	6,825,000

Notes:

i. The undiscounted cash flow is projected based on the terms and balances as at 31 December 2021 and 31 December 2020 respectively 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.

ii. For salt field related leases, the undiscounted cash flow presented in the table above reflects the contractual lease payments payable under the non-cancellable period of the relevant leases only.

34. 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 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. Details of the Group's bank balances and deposits have been disclosed in note 22.

In respect of interest-bearing financial liabilities, the Group's interest rate risk arises primarily from its bank 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 borrowings have been disclosed in note 24.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators. For the Group's floating-rate bank borrowings that linked to USD LIBOR and HIBOR as at 31 December 2021, its USD LIBOR and HIBOR will continue to maturity.

As at 31 December 2021, 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$28,184,000 (2020: HK$28,014,000) lower/higher, mainly as a result of higher/lower interest expense on such borrowings. The 50 bps increase/decrease represents the 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$5,636,893,000 as at 31 December 2021 (2020: HK$5,602,861,000) without considering the increases/decreases of the borrowings during the year.

34. 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. Apart from certain intra-group balances denominated in foreign currencies, the Group has minimal exposure to foreign currency risk as most of the financial assets and liabilities held by the Group's overseas subsidiaries 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 equity investments at fair value through profit or loss (note 19).

All of the Group's trading securities are listed on the Stock Exchange. 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.

If the quoted share prices of the relevant equity investments had been 5% higher/lower, the Group's profit before taxation would be increase/decrease by HK$583,000 (2020: HK$636,000) as a result of changes in their fair values. The 5% increase/decrease represents the management's assessment of a reasonably possible change in share prices over the period until the end of next annual reporting period.

35. FAIR VALUE MEASUREMENTS

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

Some of the Group's financial assets 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 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 2021				
Financial assets mandatorily measured at fair value through profit or loss				
Non-derivative financial assets held for trading	**11,669**	**–**	**–**	**11,669**
Year 2020				
Financial assets mandatorily measured at fair value through profit or loss				
Non-derivative financial assets held for trading	12,714	–	–	12,714

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(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 2021				
Investment properties	**–**	**–**	**2,047,858**	**2,047,858**
Property, plant and equipment				
Salt fields	**–**	**–**	**516,446**	**516,446**
Year 2020				
Investment properties	–	–	2,032,170	2,032,170
Property, plant and equipment				
Salt fields	–	–	520,787	520,787

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

35. 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

The following table gives information about how the fair value of the Group's major properties carried at fair value as at 31 December 2021 and 31 December 2020 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	Income approach	Discount rates ranging from 5.85% to 8.50% (2020: 6.0% to 10.25%); 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$4,060 to HK$96,130 (2020: HK$4,175 to HK$97,854).	Increase/decrease in the market rent per hectare will result in increase/decrease in their fair value.
Salt fields	Income approach	Discount rates ranging from 9.1% to 12% (2020: 9% to 12%); and	Increase/decrease in discount rate will result in decrease/ increase in their fair value.
		Growth rates.	Increase/decrease in the growth rate will result in increase/decrease in their fair value.

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.

35. 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)

Details of movement in investment properties are disclosed in note 14. Fair value adjustments and exchange adjustments of investment properties are recognised in the line item "Other income, gains and losses" on the face of consolidated income statement and "Exchange differences arising from translation of foreign operations" on the face of consolidated statement of comprehensive income, respectively.

During the year ended 31 December 2020, the revaluation gain and exchange adjustments of salt fields were recognised in the line item "Gain on revaluation of property, plant and equipment" and "Exchange differences arising from translation of foreign operations", respectively, on the face of consolidated statement of comprehensive income.

Details of movement in salt fields are disclosed in note 15.

36. 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		Unallocated		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**2,278,643**	2,126,910	**3,122,293**	2,814,728	**1,376**	906	**5,402,312**	4,942,544
Segment results	**337,466**	316,359	**235,837**	146,159	**–**	–	**573,303**	462,518
Unallocated other income, gains or losses							**(4,227)**	6,800
Research and development expenditure							**(157,269)**	(149,773)
Corporate expenses							**(75,745)**	(71,693)
Finance costs							**(97,823)**	(128,726)
Profit before taxation							**238,239**	119,126
Taxation							**(75,438)**	6,102
Profit for the year							**162,801**	125,228
Other information								
Interest income	**615**	315	**698**	1,284	**112**	769	**1,425**	2,368
Amortisation of intangible assets	**(6,452)**	(6,127)	**(1,138)**	(1,001)	**–**	–	**(7,590)**	(7,128)
Depreciation	**(133,187)**	(118,053)	**(96,643)**	(86,108)	**(9,464)**	(9,076)	**(239,294)**	(213,237)
Net impairment of trade receivables	**(540)**	(312)	**(2,384)**	(14,072)	**–**	–	**(2,924)**	(14,384)
Net gain/(loss) on disposal of property, plant and equipment	**126**	194	**(875)**	(12)	**(15)**	(1,984)	**(764)**	(1,802)
Net unrealised gain on fair value changes of investment properties	**71,406**	122,820	**–**	–	**–**	–	**71,406**	122,820
Net reversal of impairment of property, plant and equipment	**2,786**	9,391	**–**	–	**–**	–	**2,786**	9,391
Impairment of intangible assets	**(13,058)**	–	**–**	–	**–**	–	**(13,058)**	–

36. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

Revenue 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.

	Revenue (note i)		Non-current assets (note ii)	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia Pacific	**3,131,163**	2,811,575	**5,271,695**	5,351,797
North America	**2,269,773**	2,130,063	**3,218,132**	3,244,329
	5,400,936	4,941,638	**8,489,827**	8,596,126

Notes :

i. Revenue excluding investment income generated from financial instruments.

ii. Non-current assets excluding deferred tax assets.

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

The Group does not have any material sales (excluding investment income generated from financial instruments) to countries other than those in which the Group companies are domiciled. There are no material non-current assets (excluding deferred tax assets) which are located in countries other than those in which the Group companies are domiciled.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK$'000	Bank and other interest payable (included in payables and accruals) HK$'000	Lease liabilities HK$'000	Other borrowings HK$'000	Dividends payables (included in payables and accruals) HK$'000	Total HK$'000
As at 1 January 2020	4,006,428	649	524,202	1,100,000	–	5,631,279
Financing cash flow	468,000	(108,055)	(90,311)	–	(96,111)	173,523
Finance cost recognised	–	107,850	20,876	–	–	128,726
Dividend recognised as distribution	–	–	–	–	96,111	96,111
New leases entered and reassessment of lease liabilities	–	–	116,639	–	–	116,639
Foreign exchange movement	28,433	1	16,234	–	–	44,668
At 31 December 2020	**4,502,861**	**445**	**587,640**	**1,100,000**	**–**	**6,190,946**
Financing cash flow	**1,150,000**	**(74,616)**	**(99,354)**	**(1,100,000)**	**(96,111)**	**(220,081)**
Finance cost recognised	**–**	**74,694**	**23,129**	**–**	**–**	**97,823**
Dividend recognised as distribution	**–**	**–**	**–**	**–**	**96,111**	**96,111**
New leases entered and reassessment of lease liabilities	**–**	**–**	**75,720**	**–**	**–**	**75,720**
Foreign exchange movement	**(15,968)**	**(44)**	**(11,022)**	**–**	**–**	**(27,034)**
At 31 December 2021	**5,636,893**	**479**	**576,113**	**–**	**–**	**6,213,485**

38. 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$38,457,000 (2020: HK$35,000,000) to Hutchison International Limited ("HIL") group. HIL is an indirect wholly-owned subsidiary of a substantial shareholder of the Company, CK Hutchison Holdings Limited.

(ii) The Group made sales of HK$5,515,000 (2020: HK$4,087,000) to a joint venture of Cheetham Salt Limited, a wholly-owned subsidiary of the Company during the year.

Except for the above transaction with HIL, which constitutes continuing connected transaction as defined under the Listing Rules, details are set out under the paragraph "Continuing Connected Transactions" in the Report of Directors, the remaining related party transaction does not constitute connected transaction or continuing connected transaction.

39. 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:

	2021 ***HK$'000***	2020 *HK$'000*
Non-current asset		
Investments in subsidiaries	**2,677,554**	2,523,848
Current assets		
Receivables and prepayments	**1,870**	1,439
Amounts due from subsidiaries	**2,642,329**	2,745,097
Bank balances and deposits	**74**	70
	2,644,273	2,746,606
Current liabilities		
Payables and accruals	**(837)**	(176)
Amounts due to subsidiaries	**(1,437,162)**	(1,258,508)
	(1,437,999)	(1,258,684)
Net current assets	**1,206,274**	1,487,922
Net assets	**3,883,828**	4,011,770
Share capital and reserves		
Share capital *(Note 29)*	**961,107**	961,107
Share premium and reserves	**2,922,721**	3,050,663
Total equity	**3,883,828**	4,011,770

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

The movements in share premium and reserves are as follows:

	2021	2020
	HK$'000	*HK$'000*
As at 1 January	**3,050,663**	3,175,406
Results for the year	**(31,831)**	(28,632)
Dividends paid to the shareholders	**(96,111)**	(96,111)
As at 31 December	**2,922,721**	3,050,663

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements set out on pages 53 to 126 were approved and authorised for issue by the Board of Directors on 15 March 2022.

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. Unless otherwise stated, the principal areas of operations of the companies below were the same as the place of incorporation.

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2021	2020	Principal activities
Accensi Pty Ltd	Australia	A$100	**100**	100	Manufacturing and marketing of plant protection products and soluble fertilisers
Amgrow Pty Ltd	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
Aspiring Best Limited*	British Virgin Islands	US$1	**100**	100	Financing
ATR Packing Services Pty Ltd	Australia	A$100	**100**	100	Providing packing services
ATR Property Investments Pty Ltd	Australia	A$100	**100**	100	Holding land and building
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	**100**	100	Investment in vineyards
Bofanti Limited*	British Virgin Islands	US$1	**100**	100	Investment in financial instruments
Cattleya Investment Limited*	British Virgin Islands	US$1	**100**	100	Financing

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2021	2020	Principal activities
Cheetham Salt Limited	Australia	A$150,405,540	**100**	100	Production, refining and distribution of salt products
CK Life Sciences Development 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
Dominion Salt Limited	New Zealand	NZ$1,800,000	**100**	100	Production and distribution of salt products
Echilada Limited*	British Virgin Islands	US$1	**100**	100	Financing
Equipment Solutions Pty Ltd	Australia	A$100	**100**	100	Distribution of professional turf management machinery, hardware, equipment and accessories
Globe Australia Pty Ltd	Australia	A$9	**100**	100	Distribution of turf fertilisers and chemicals, and professional pest products
Joint Kingdom Development Limited	Hong Kong	HK$1	**100**	100	Trading for fertilisers and related products
Joyful World Global Limited*	British Virgin Islands	US$1	**100**	100	Financing
Jovial Dynasty Limited*	British Virgin Islands	US$1	**100**	100	Financing
Lipa Pharmaceuticals Ltd	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

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2021	2020	Principal activities
Magical Fountain Limited*	British Virgin Islands	US$1	**100**	100	Financing
Meridian Vision Limited*	British Virgin Islands	US$1	**100**	100	Financing
NutriSmart Australia Pty Ltd	Australia	A$1	**100**	100	Supplier of raw materials in nutritional health, pharmaceutical, cosmetics, personal care and food segments
NTAC Pty Ltd	Australia	A$100	**100**	100	Holding land and building
Optigen Ingredients Pty Ltd	Australia	A$200	**100**	100	Supplier of raw materials in nutritional health, pharmaceutical, cosmetics, personal care and food segments
Perfect Youth Limited*	British Virgin Islands	US$1	**100**	100	Financing
Polynoma LLC$^{\Delta}$	USA	N/A	**100**	100	Research, 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
QWIL Investments Pty Ltd	Australia	A$100	**100**	100	Investment in vineyards
Regenal Management Services Pty Limited	Australia	A$100	**100**	100	Providing asset management services
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

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2021	2020	Principal activities
Santé Naturelle A.G. Ltée	Canada	C$4,716,310	**100**	100	Manufacturing, wholesaling, retailing and distribution of nutraceutical products
Treasure Ring Limited*	British Virgin Islands	US$1	**100**	–	Financing
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
Vital Production Limited	Hong Kong	HK$2	**100**	100	Holding license of biotechnology products and nutritional supplements
Vitaquest International Holdings LLC$^{\Delta}$	USA	N/A	**100**	100	Supply and manufacturing of nutritional supplements
Wex Pharmaceuticals Inc.	Canada	C$107,520,175	**100**	100	Research, 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.

* The principal place of operation was in Asia.

$^{\Delta}$ Polynoma LLC and Vitaquest International Holdings LLC did not have any issued or registered capital. However, the Company held 100% (2020: 100%) and 100% (2020: 100%) interest in their common voting rights respectively.

APPENDIX II

Name	Effective percentage of capital held by the Company indirectly 2021	2020	Principal activities	Place of operation
Western Salt Refinery Pty Ltd	**50**	50	Production and distribution of salt products	Australia

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
Dalmeny Vineyard	Padthaway, South Australia	Vineyard	Freehold
Gale Road Vineyard	Gale Road, Western Australia	Vineyard	Freehold
Hanwood Vineyard	Hanwood, New South Wales	Vineyard	Freehold
Jubilee Park Vineyard	Yamba, South Australia	Vineyard	Freehold
Katnook Vineyard	Coonawarra, South Australia	Vineyard	Freehold
Kenley Vineyard	Kenley, Victoria	Vineyard	Freehold
Lionels Vineyard	Kaloorup, Western Australia	Vineyard	Freehold
Miamba Vineyard	Lyndoch, South Australia	Vineyard	Freehold
Nangiloc Colignan Farms	Colignan, New South Wales	Vineyard	Freehold
Old Land Vineyard	Anniebrook, Western Australia	Vineyard	Freehold
Paringi Vineyard	Paringi, New South Wales	Vineyard	Freehold
Qualco East Vineyard	Qualco, South Australia	Vineyard	Freehold
Qualco West Vineyard	Qualco, South Australia	Vineyard	Freehold
Robinvale Vineyard	Robinvale, Victoria	Vineyard	Freehold
Rowe Road Vineyard	Witchcliffe, Western Australia	Vineyard	Freehold
Station & Kirkgate Vineyard	Coonawarra, South Australia	Vineyard	Freehold
Stephendale Vineyard	Yenda, New South Wales	Vineyard	Freehold
White Road Vineyard	Tharbogang, New South Wales	Vineyard	Freehold
Whitton Vineyard	Whitton, New South Wales	Vineyard	Freehold
Wilga Road 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.

The Company had 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 ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") which was in force throughout the year ended 31 December 2021. Corporate Governance Report of 2022 and onward will be based on new CG Code which has been amended with effect from 1 January 2022.

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

I. CODE PROVISIONS

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.</td><td colspan="3">DIRECTORS</td></tr>
<tr><td>A.1</td><td colspan="3">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.</td></tr>
<tr><td>A.1.1</td><td>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.</td><td>C</td><td>• The Board meets regularly and held meetings in March, May, August and November of 2021.
• Directors' attendance record in 2021 is as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td colspan="2">Executive Directors</td></tr>
<tr><td>Victor T K LI (Chairman)</td><td>4/4</td></tr>
<tr><td>KAM Hing Lam (President)</td><td>4/4</td></tr>
<tr><td>IP Tak Chuen, Edmond (Senior Vice President and Chief Investment Officer)</td><td>4/4</td></tr>
<tr><td>YU Ying Choi, Alan Abel (Vice President and Chief Executive Officer)</td><td>4/4</td></tr>
<tr><td>TOH Kean Meng, Melvin (Vice President and Chief Scientific Officer)</td><td>4/4</td></tr>
<tr><td colspan="2">Non-executive Director</td></tr>
<tr><td>Peter Peace TULLOCH</td><td>4/4</td></tr>
<tr><td colspan="2">Independent Non-executive Directors</td></tr>
<tr><td>KWOK Eva Lee</td><td>4/4</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>4/4</td></tr>
<tr><td>KWAN Kai Cheong</td><td>4/4</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>4/4</td></tr>
<tr><td>Donald Jeffrey ROBERTS</td><td>4/4</td></tr>
</table>
• 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"). There were no significant changes in the Company's constitutional documents during the year 2021.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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.
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 are sent to all Directors/Board Committee members within a reasonable time 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.

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices
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 2021/2022.
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.*		
A.2.1	– 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.	C C	• The positions of Chairman and Chief Executive Officer are currently held by separate individuals. • The Chairman 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.
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	• 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 met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2021. Attendance record in 2021 is as follows: **Attendance** **Chairman** Victor T K LI — 2/2 **Independent Non-executive Directors** KWOK Eva Lee — 2/2 Colin Stevens RUSSEL — 2/2 KWAN Kai Cheong — 2/2 Paul Joseph TIGHE — 2/2 Donald Jeffrey ROBERTS — 2/2

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	• 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 promptly and further supporting information and/or documentation is provided as appropriate.
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 is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman 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 March, May, August and November of 2021. • 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	C	• In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2021. Please refer to A.2.2 above for the attendance records.
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, to communicate their views on various matters affecting the Company, 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, where applicable, 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. These channels allow the Company to receive feedback from our shareholders and investors. Any unanswered questions raised from the shareholders in the annual general meetings/general meetings will be dealt with by Company Secretarial Department and other appropriate departments. In addition, the Investor Relations' contact details are available at the Company's website for taking enquiries and receiving information requests from shareholders. Those enquiries and information requests will be handled by Investor Relations and other appropriate departments. • 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 implementation and 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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 eleven Directors, comprising five Executive Directors, one Non-executive Director and five Independent Non-executive Directors. More than 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. • Five out of eleven members of the Board are Independent Non-executive Directors. During the year, all Independent Non-executive Directors attend to the affairs of the Group through their participation at the annual general meeting, Board and Board Committee meetings and perusal of the Board papers. Three out of five committees established by the Board, namely the audit committee ("Audit Committee"), the nomination committee ("Nomination Committee") and the remuneration committee ("Remuneration Committee") are chaired by Independent Non-executive Directors. The Audit Committee comprises of Independent Non-executive Directors only, while the Nomination Committee and the Remuneration Committee comprise of a majority of Independent Non-executive Directors. • The Company maintains the view that a Director's independence is a question of fact and this is formally recognised in the Company's policy on diversity of Board members ("Board Diversity Policy"). The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned. Some of these factors include: the ability to continually provide constructive challenge for management and other Directors and to express one's own views independent of management or other fellow Directors and the gravitas inside and outside the boardroom context. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors as circumstances require. • 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 31. • Review of the Board composition is made regularly through Nomination Committee to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
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 has been revised from time to time. The Company has also posted on its website and/or 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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 existing Board) following their appointment. • 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 existing 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 existing 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 and diversified 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 on its website the procedures for shareholders to propose a person for election as a Director.

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 is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • The Board is of the view that a director's independence should not be defined by his/her tenure on the Board. The Board assesses a director's independence on a case-by-case basis with reference to the director's business acumen, experience in related industries, professional qualification, international business exposure and the nature of the businesses of the Company in addition to tenure. A director who has over time gained in-depth insight into the Company's operations and its markets are well-positioned to offer his/her perspective and advice for discussion at the Board. Long serving directors can bring valuable contribution to the Company with their in-depth understanding of the operations of the Company, in particular the pharmaceutical businesses which involve a long product research and development (R&D) cycle before production, launch and distribution. • Notwithstanding that two out of five Independent Non-executive Directors have served the Board for more than nine years, they have continued to bring in fresh perspectives, skills and knowledge gained from their other directorships and appointments on an ongoing basis. Their wealth of skills, knowledge and experience have enabled them to contribute meaningfully and objectively to the Board as Independent Non-executive Directors. The Board considers that the long serving Independent Non-executive Directors' independence from management has not been diminished by their years of service. • The Board has expressed the view in its circular for 2022 annual general meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is 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 Board has expressed its view in the circular for the 2022 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, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders as a whole 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	– 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.	C	• The Company established its Nomination Committee on 1 January 2019 which currently comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee comprises an Independent Non-executive Director, Mr. Paul Joseph Tighe (Chairman of the Nomination Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Donald Jeffrey Roberts.

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices
A.5.2	– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.	C	• The terms of reference of the Nomination Committee follow closely the requirements of the CG Code. In connection with the change of composition of the Nomination Committee, the terms of reference of the Nomination Committee has been updated on 1 December 2020. Nomination Committee meeting was held in March 2021. Attendance record of the members of the Nomination Committee in 2021 is as follows:
	– It should perform the following duties: 1. 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; 2. identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; 3. assess the independence of independent non-executive directors; and 4. 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.	C	**Members of the Nomination Committee** — **Attendance** Paul Joseph TIGHE *(Chairman of the Nomination Committee)* — 1/1 Victor T K LI — 1/1 Donald Jeffrey ROBERTS — 1/1 • The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship. • The following is a summary of the work of the Nomination Committee during 2021: 1. Review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and make recommendations on any proposed changes, where applicable; 2. Facilitate the Board in the conduct of the selection and nomination process, including identify suitable candidates for consideration by the Board; 3. Assess the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules; and 4. Make recommendations to the Board on the re-election of Directors at the 2021 annual general meeting.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (cont'd)			• Since August 2013, the Company has established the Board Diversity Policy which has been modified from time to time, and the same is available on the Company's website. • In the Board Diversity Policy: 1. The Company recognises the benefits of a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. 2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, education background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. 3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. 4. The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as Directors, reviewing succession plan of Directors and making recommendation on these matters to the Board for approval. To this end, the Company is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. • The Board currently comprises 1 female director, representing 9.09% of the Board. For the financial year commencing on 1 January 2022, the Board will consider numerical targets in relation to gender diversity on its Board as required under new CG Code. • The Board and the Nomination Committee reviews from time to time the Board Diversity Policy, monitors its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and makes recommendation on any revisions as may be required to the Board for approval.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (cont'd)			• In January 2019, the Company has established a Director Nomination Policy which has been modified in December 2020 to set out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement Directors and re-election of Directors. • According to the Director Nomination Policy: 1. The Nomination Committee shall from time to time identify, assess, select and nominate suitable director candidates to the Board for it to consider for appointment. The ultimate responsibility for the selection and appointment of Directors rests with the Board as a whole. In the determination of the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity and such other factors that it may consider appropriate for a position on the Board. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates. 2. If the Nomination Committee determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee shall consider and, if consider appropriate, make recommendation to the Board for its consideration, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Associations of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. • The Director Nomination Policy is posted on the website of the Company. The Nomination Committee will from time to time review the Director Nomination Policy, monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and makes recommendation on any proposed revisions as may be required to the Board for approval.
A.5.3	– 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.	C	• The terms of reference of the Nomination Committee (both English and Chinese versions) are posted on the websites of the Company and HKEx. • The principal responsibilities of the Nomination Committee are: 1. to review at least once annually the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the Board to achieve the Group corporate strategy as well as promote shareholder value; 2. to identify suitable director candidates and select or make recommendation to the Board on the selection of individuals to be nominated as Directors; 3. to assess the independence of independent non-executive Directors having regard to the criteria under the Listing Rules; 4. to make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and 5. to review the Director Nomination Policy and the Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.4	– 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.	C	• The Nomination Committee is empowered to seek any information they require from senior management of the Company in order to perform their duties and to have access to independent professional advice where necessary.
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:		• Please refer to A.4.3 above for the details. • The following information has been set out in the Company's circular to shareholders for the proposed resolution to elect an individual as an Independent Non-executive Director at the 2021 annual general meeting: 1. the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent; 2. if the proposed Independent Non-executive Director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board; 3. the perspectives, skills and experience that the individual can bring to the Board; and 4. how the individual contributes to diversity of the Board.
	1. the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;	C	
	2. if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;	C	
	3. the perspectives skills and experience that the individual can bring to the board; and	C	
	4. how the individual contributes to diversity of the board.	C	

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.6</td><td colspan="3">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.</td></tr>
<tr><td>A.6.1</td><td>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.</td><td>C</td><td>• The Company Secretary and authorised officers 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.
• Briefing meetings will be arranged with key officers of the Company for newly appointed Directors to provide an orientation on matters such as business operation, finance, accounting and risk management.
• An induction 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. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates.
• 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.</td></tr>
<tr><td>A.6.2</td><td>The functions of non-executive directors include:
– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings;
– take the lead on potential conflicts of interests;
– serve on the audit, remuneration, nomination and other governance committees, if invited; and
– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.</td><td>
C
C
C
C</td><td>• 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.
• Individual Independent Non-executive Directors serve on the different committees namely, Audit Committee, Remuneration Committee, Nomination Committee and sustainability committee ("Sustainability Committee") of the Company.
• The table below provides membership information of these committees on which the Independent Non-executive Directors serve:
<table>
<tr><th>Board Committee / Directors</th><th>Audit Committee</th><th>Remuneration Committee*</th><th>Nomination Committee*</th><th>Sustainability Committee*</th></tr>
<tr><td>KWOK Eva Lee</td><td>–</td><td>C</td><td>–</td><td>–</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>–</td><td>M</td><td>–</td><td>–</td></tr>
<tr><td>KWAN Kai Cheong</td><td>C</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>M</td><td>–</td><td>C</td><td>M</td></tr>
<tr><td>Donald Jeffrey ROBERTS</td><td>M</td><td>–</td><td>M</td><td>–</td></tr>
</table>
* also comprises other Board members/key personnel
C Chairman/Chairperson of the relevant Board committees
M Member of the relevant Board committees</td></tr>
</table>

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 in-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/her area of knowledge and expertise, and his/her global perspective.
A.6.4	The 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 complied with the required standards set out in the Model Code for the year ended 31 December 2021. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Human Resources 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 complied with the requirements set out in Part XIVA of the Securities and Futures Ordinance. The policy has been revised in July 2020 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company.

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	• An induction 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 2021. • 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. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. 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. • Records of the Directors' training during 2021 are as follows:

Members of the Board	Training received
Executive Directors	
Victor T K LI *(Chairman)*	(1), (2) & (3)
KAM Hing Lam *(President)*	(1), (2) & (3)
IP Tak Chuen, Edmond *(Senior Vice President and Chief Investment Officer)*	(1), (2) & (3)
YU Ying Choi, Alan Abel *(Vice President and Chief Executive Officer)*	(1) & (2)
TOH Kean Meng, Melvin *(Vice President and Chief Scientific Officer)*	(1) & (2)
Non-executive Director	
Peter Peace TULLOCH	(1) & (2)
Independent Non-executive Directors	
KWOK Eva Lee	(1), (2) & (3)
Colin Stevens RUSSEL	(1) & (2)
KWAN Kai Cheong	(1), (2) & (3)
Paul Joseph TIGHE	(1), (2) & (3)
Donald Jeffrey ROBERTS	(1) & (2)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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. Generally they should also attend general meetings to gain 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 Independent Non-executive Directors and the annual general meeting during the year. Please refer to A.1.1, A.2.2, A.5.2, B.1.2, C.3.3 and E.1.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.
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 a regular board or board committee meeting. – 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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 Chief Financial Officer 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.
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.

<table>
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<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; and
– 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 on 1 January 2005. A majority of the members are Independent Non-executive Directors.
• The Remuneration Committee comprises an Independent Non-executive Director, Mrs. Kwok Eva Lee (Chairperson of the Remuneration Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Colin Stevens Russel.
• The terms of reference of the Remuneration Committee follow closely the requirements of the CG Code.
• 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 2020 in April 2021, meeting of the Remuneration Committee was held in January 2022. Attendance record of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee — Attendance
KWOK Eva Lee (Chairperson of the Remuneration Committee) — 1/1
Victor T K LI — 1/1
Colin Stevens RUSSEL — 1/1

• The following is a summary of the work of the Remuneration Committee during the said meeting:
1. Review the remuneration policy for 2021/2022;
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 was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2022.</td></tr>
<tr><td>B.1.3</td><td>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.</td><td>C</td><td>• The terms of reference of the Remuneration Committee (both English and Chinese versions) 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.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	• The Human Resources & Administration 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 33 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 balance and understandable assessment of the Company's performance, position and prospects in sufficient detail and 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. – There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. – 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. – 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.	C C C N/A	• 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. • With the assistance of the Company's Finance Department which is under the supervision of the Chief Financial Officer 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. • 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 from pages 47 to 52.
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 2021.
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.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>C.2</td><td colspan="3">Risk management and internal control
Corporate Governance Principle
The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</td></tr>
<tr><td>C.2.1</td><td>The board should oversee the company's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in the Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.</td><td>C</td><td>• The Board oversees the Group's overall risk management and internal control systems, through the Audit Committee, which has conducted an annual review over the effectiveness of the risk management and internal control systems of the Company and its subsidiaries and considers they are adequate and effective. The review covers all material controls, including financial, operational and compliance controls that have been in place. 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 risk management and internal control as set forth in the CG Code.
• The Board has overall responsibility for maintaining appropriate and effective risk management and internal control systems of the Group. The Group's risk management and internal control systems include a defined management structure with limits of authority, are designed to help identify and manage risks and internal control weaknesses at the Group for 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 systems are 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 reviews and assesses the adequacy and effectiveness of the Group's risk management and internal control systems over risk management process, financial, operational and compliance issues and information systems security. It 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 risk management and internal audit reviews as well as corresponding risk mitigation controls and 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.</td></tr>
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.2	The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions.	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, internal audit and financial reporting functions at the Board meeting held in March 2022 and noted that the Company has been in compliance with the Code Provision for the year 2021. Please also refer to C.3.3 below.
C.2.3	The board's annual review should, in particular, consider:		• The Board, through the Audit Committee, reviews annually the effectiveness of risk management and internal control systems of the Company and its subsidiaries, such review considers:
	1. 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;	C	– 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.
	2. 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;	C	
	3. 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;	C	
	4. 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	C	
	5. the effectiveness of the company's processes for financial reporting and Listing Rule compliance.	C	

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period. In particular, they should disclose:		
	1. the process used to identify, evaluate and manage significant risks;	C	• The Group's overall risk management process is overseen by the Board through the Audit Committee as an element of solid corporate governance. The Group has an Enterprise Risk Management framework which is consistent with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. The framework facilitates a systematic approach to the management of risks within the Group, coupled with a strong internal control environment, enabling the Group to effectively manage the risks that it faces, be they strategic, financial, operational or compliance. • "Top down and bottom up" approach on identifying, evaluating and managing significant risks faced by the Group is adopted to populate the Group risk register for reporting to Audit Committee. Under this "top-down and bottom-up" approach, it involves input from each key operating business unit as well as discussion and reviews by the Senior management. More specifically, on a half-yearly basis, each key operating business unit is required to formally identify and assesses the risks, and has them recorded in the form of a risk register. Mitigation measures and plan are also registered to facilitate review and tracking of progress. Senior management executes a robust and holistic top-down review on all the significant risks that the Group faces.
	2. the main features of the risk management and internal control systems;	C	• Risk management and internal control features are embedded within the Group's operations and functional areas and the Group's risk management and internal control systems are practised on a day-to-day basis and carried out at all levels of the Group. • The Group's governance structure, comprising the Board, Audit Committee, Senior management, Management of key operating business units and Internal Audit Department has been established with defined roles and responsibilities to enhance the Board's ability to exercise proper oversight. Under this structure, the Board has overall responsibility for the Group's risk management and internal control systems. Audit Committee assists the Board to ensure appropriate and effective risk management and internal control systems have been maintained and to oversee the management in the design, implementation and monitoring of these systems. Senior management and Management of key operating business units are primarily responsible for the design, implementation and monitoring of risk management and internal control systems. Internal Audit Department supports the Audit Committee in reviewing the adequacy and effectiveness of these systems. • There is ongoing dialogue between the Senior management and the Management of key operating business unit about current and emerging risks, their possible impact and mitigation measures. These measures include instituting additional controls and safeguards, and deploying appropriate insurance instruments to transfer or minimise the financial impact or risks.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4 (cont'd)	3. an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing its effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;	C	• The Board acknowledges that it is its responsibility to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.
	4. the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and	C	• In relation to the Group's "top-down and bottom-up" risk review process, every six months, Management of key operating business units are required to submit their own risk register to Senior management for aggregation. These risk registers identified all material risks, rated risk level based on the Group's risk rating criteria and summarised mitigation controls implemented. Through filtering and prioritisation processes, a group risk register is compiled on a half yearly basis, which forms part of the Risk Management Report submitted to Audit Committee for review, monitoring and assessment of adequacy and effectiveness of the Group's risk management system. Also, significant risks are being continuously monitored, reviewed and re-assessed by Senior management through regular management meeting, review of monthly management reports and escalation of material risk issues. The Group's key risks, which could affect the Group's financial condition or results of operations so that they differ materially from expected or historical results, can be found in the "Risk Factors" section of this Annual Report. • With regards to the internal control systems of the Group, Management of key operating business units conduct an internal control self-assessment half-yearly and submit relevant control self-assessment questionnaires and confirmation to Senior management to confirm that appropriate internal control policies and procedures have been established and properly complied with. • Risk-based audits are carried out by Internal Audit Department over the Group's subsidiaries to provide reasonable assurance that adequate controls are in place and operating and necessary improvement measures are implemented. Audit findings and risk concerns are raised to responsible management for rectification with significant items being formally reported to the Audit Committee every a half year for assessment of adequacy and effectiveness of the Group's risk management and internal control systems.
	5. the procedures and internal controls for the handling and dissemination of inside information.	C	• Regarding the procedures and internal controls for the handling of inside information, the Group: – is well aware of its statutory and regulatory obligations to announce any inside information; – makes reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012; – has implemented policies and procedures which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and – requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.5	The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	C	• Internal audit function is in place; please refer to C.2.1 above for details.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management 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.
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for two years 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 two years after he/she ceases to be a partner of the auditing firm. • The terms of reference of the Audit Committee were revised with effect from 1 January 2019 to comply with the requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.

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Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>C.3.3</td><td>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;
– to develop and implement policy on engaging an external auditor to supply non-audit services;
– review of the company's financial information; and
– oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.</td><td>C</td><td>• The terms of reference of the Audit Committee follow closely the requirements of the CG Code.
• Audit Committee meetings were held in March, May, August and November of 2021. Attendance record of the members of the Audit Committee in 2021 is as follows:

Members of the Audit Committee — Attendance
KWAN Kai Cheong (Chairman of the Audit Committee) — 4/4
Paul Joseph TIGHE — 4/4
Donald Jeffrey ROBERTS — 4/4

• The following is a summary of the work of the Audit Committee during 2021:
1. Review the financial reports for 2020 annual results and 2021 interim results, and unaudited financial results for the 1st quarter and the 3rd quarter 2021;
2. Review the findings and recommendations of the Internal Audit Department on the work of various divisions/departments;
3. Review the effectiveness of the risk management and internal control systems;
4. Review the external auditor's audit planning report and audit findings;
5. Review the external 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 15 March 2022 that the risk management and internal control systems were adequate and effective.
• On 15 March 2022, the Audit Committee met to review the Group's 2021 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 2021 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 2021.
• The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditor for 2022 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2022 annual general meeting.
• The Group's Annual Report 2021 has been reviewed by the Audit Committee.</td></tr>
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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. • The terms of reference of the Audit Committee (both English and Chinese versions) are posted 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, risk management and internal control systems, 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, Mr. Kwan Kai Cheong (Chairman of the Audit Committee), Mr. Paul Joseph Tighe and Mr. Donald Jeffrey Roberts.
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 2022. • For the year ended 31 December 2021 the external auditor of the Company received approximately HK$13,197,560 for audit services and approximately HK$1,758,039 for non-audit services, comprising tax compliance and advisory services of approximately HK$1,673,039 and other services of approximately HK$85,000.
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.
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 Whistleblowing Policy – Procedures for Reporting Possible Improprieties 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 are included into the Company's Human Resources Manual and posted on the Company's website. • The Company has issued a Human Resources Manual to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources & Administration Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).

Code Ref.	Code Provisions	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.*		
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 165. • 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.
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 165.
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	• Five Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and Executive Committee have been established with specific terms of reference.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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.
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 March 2022, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements, including: 1. Anti-Fraud and Anti-Bribery Policy; 2. Anti-Money Laundering Policy; 3. Board Diversity Policy; 4. Competition Compliance Policy; 5. Director Nomination Policy; 6. Employee Code of Conduct; 7. Information Security Policy; 8. Media, Public Engagement and Donation Policy; 9. Model Code for Securities Transactions by Directors; 10. Policy on Appointment of Third Party Representatives; 11. Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing; 12. Privacy Policy and Personal Information Collection Statement; 13. Sanctions Compliance Policy; 14. Shareholders Communication Policy; and 15. Whistleblowing Policy – Procedures for Reporting Possible Improprieties. • As mentioned above, the Company has established and from time to time updated the Whistleblowing Policy – Procedures for Reporting Possible Improprieties and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matter related to the Company. • The Company has established Anti-Fraud and Anti-Bribery Policy and systems that promote and support anti-corruption laws and regulations.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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.
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.*		
E.1.1	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.	C	• Separate resolutions are proposed at the general meetings of the Company for each substantially separate issue, including the election of individual Directors.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.2	– 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.	C C C	• In 2021, the Chairman, the Chairman/Chairperson of each of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee and the Executive Committee attended the 2021 annual general meeting and were available to answer questions. • Directors' attendance record^ of the 2021 annual general meeting is as follows: **Members of the Board** — **Attendance** **Executive Directors** Victor T K LI *(Chairman of the Board and Chairman of the Executive Committee)* 1/1 KAM Hing Lam 1/1 IP Tak Chuen, Edmond *(Chairman of the Sustainability Committee)* 1/1 YU Ying Choi, Alan Abel 1/1 TOH Kean Meng, Melvin 1/1 **Non-executive Director** Peter Peace TULLOCH 1/1 **Independent Non-executive Directors** KWOK Eva Lee *(Chairperson of the Remuneration Committee)* 1/1 Colin Stevens RUSSEL 1/1 KWAN Kai Cheong *(Chairman of the Audit Committee)* 1/1 Paul Joseph TIGHE *(Chairman of the Nomination Committee)* 1/1 Donald Jeffrey ROBERTS 1/1 ^ All Directors attended via video conferencing • In 2021, the Company's external auditor attended the annual general meeting via video conferencing and was available to answer questions.
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 2021 annual general meeting of the Company was sent at least 20 clear business days before the meeting.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
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 has 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 despatch 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. 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.1.5	The issuer should have a policy on payment of dividends and should disclose it in the annual report.	C	• The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, and market opportunities, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>E.2</td><td colspan="3">Voting by poll
Corporate Governance Principle
The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</td></tr>
<tr><td>E.2.1</td><td>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.</td><td>C</td><td>• At the 2021 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 2021 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 of annual general meeting 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 2021 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.
• The percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 13 May 2021 are set out below:
<table><tr><th colspan="2">Resolutions proposed at the
2021 Annual General Meeting</th><th>Percentage of Votes</th></tr><tr><td>1</td><td>To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2020.</td><td>99.999494%</td></tr><tr><td>2</td><td>To declare a final dividend.</td><td>99.999494%</td></tr><tr><td>3(1)</td><td>To elect Mr. Ip Tak Chuen, Edmond as Director.</td><td>99.417178%</td></tr><tr><td>3(2)</td><td>To elect Dr. Toh Kean Meng, Melvin as Director.</td><td>99.987131%</td></tr><tr><td>3(3)</td><td>To elect Mrs. Kwok Eva Lee as Director.</td><td>99.417773%</td></tr><tr><td>3(4)</td><td>To elect Mr. Kwan Kai Cheong as Director.</td><td>99.924123%</td></tr><tr><td>3(5)</td><td>To elect Mr. Donald Jeffrey Roberts as Director</td><td>99.990145%</td></tr><tr><td>4</td><td>To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.</td><td>99.997270%</td></tr><tr><td>5(1)</td><td>To give a general mandate to the Directors to issue additional shares of the Company.</td><td>99.976023%</td></tr><tr><td>5(2)</td><td>To give a general mandate to the Directors to buy back shares of the Company.</td><td>99.988805%</td></tr></table>• Accordingly, all resolutions put to shareholders at the 2021 annual general meeting were duly passed as ordinary resolutions . Poll results were posted on the websites of the Company and HKEx.</td></tr>
</table>

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 Secretary of the Company has been appointed since listing of the Company. The Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules for the year ended 31 December 2021. • The Company Secretary ensures the effective conduct of Board meetings and that Board procedures are duly followed. • The Company Secretary prepares written resolutions and minutes as appropriate and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary advises the Board from time to time on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board abreast of relevant 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 and other resources (such as the Stock Exchange's webcast on corporate governance) are relayed and directors' training are arranged 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

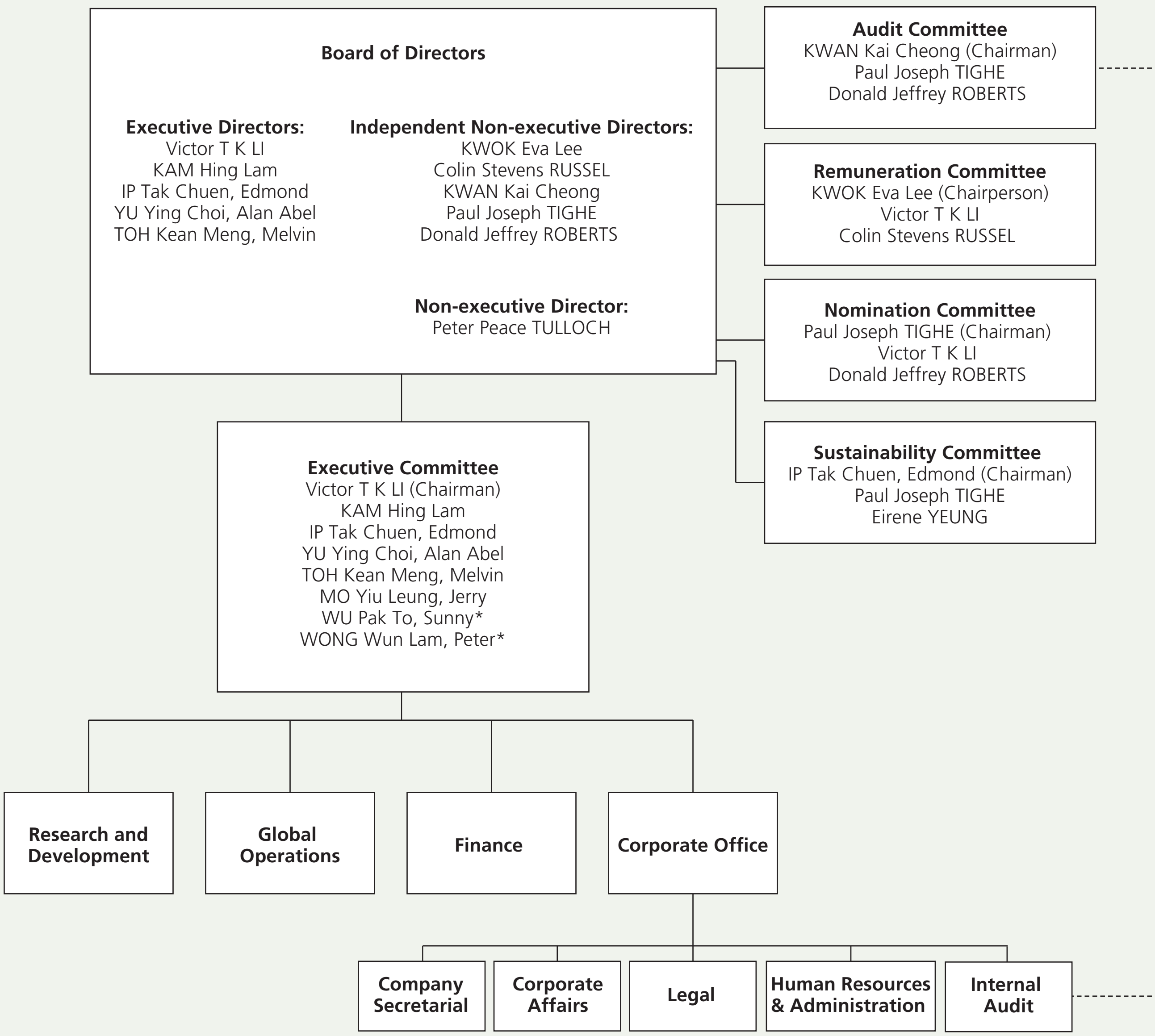
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** **Corporate Governance Principle** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible 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.*		
A.3.3	The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.	C	• The Board considered that cross-directorships should not be regarded as having significant links with other directors and cross-directorships would not compromise the independence of the Company's Independent Non-executive Directors since they are professionals with high esteem and integrity, experts in their specific field with wide spectrum of skills and experience, and financially independent.
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 2021, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 33 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 33 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.

<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>C.</td><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td>C.1</td><td colspan="3">Financial reporting
Corporate Governance Principle
The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</td></tr>
<tr><td>C.1.6 – C.1.7</td><td>– 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.</td><td>E</td><td>• 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.</td></tr>
<tr><td>C.2</td><td colspan="3">Risk Management and internal control
Corporate Governance Principle
The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal controls systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</td></tr>
<tr><td>C.2.6</td><td>The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.</td><td>C</td><td>• Management provides reports to Audit Committee to confirm the effectiveness of existing risk management and internal control systems of the Group.</td></tr>
<tr><td>C.2.7</td><td>The board may disclose in the Corporate Governance Report details of any significant areas of concern.</td><td>C</td><td>• Please refer to C.2.1 for details.</td></tr>
</table>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management 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.
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



Note:

* Appointed on 16 March 2022

Risk Factors

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.

GLOBAL ECONOMY

The ongoing COVID-19 pandemic continues to bring about widespread and severe impacts on worldwide economic activities. Despite some signs of recovery of the global economy from the COVID-19 pandemic, the momentum could be dampened due to possible emergence of new COVID-19 variants. The pace of recovery could also be constrained by uneven vaccination across countries. The global economic outlook still depends on the development of the health crisis, including the duration, spread, severity and any recurrence of the pandemic, the efficacy and availability of vaccines, and the nature and severity of measures adopted by governments. International trade relations, uncertainties following Brexit, supply chain disruptions, the fluctuation of major currencies, the increasing geopolitical tensions, as well as the development of inflation , interest rate and energy costs in major economies, all have created uncertainties in the world economy and global financial markets. A severe slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence, increased market volatility and decline in the value of the assets. 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 businesses, financial conditions or results of operations, asset value and liabilities.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

The continuing COVID-19 pandemic and the spread of new coronavirus variants in different parts of the world, including the places of businesses in which the Group operates, has a significant adverse impact on most economies due to disruption of business activities, behavioral change, weakened sentiment in consumption, restricted labour supply and production and confidence effects, in addition to travel restrictions. Despite the situation of COVID-19 has now begun to stabilise following the rollout of vaccines, the pandemic remains highly volatile and unpredictable due to the potential emergence of new coronavirus variants. The threat of new COVID-19 variants may cause setback to the global economic recovery and disruption of operational activities and loss of life, and may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an adverse impact on the operations of the Group and its results of operations may suffer.

HIGHLY COMPETITIVE MARKETS

The Group's principal business operations face significant competition and rapid technological change across the markets in which they operate. 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 businesses, 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. There may be challenges in patient recruitment for the necessary trials, for example, in terms of the ability to recruit the necessary number of appropriate patients and the speed of enrollment to achieve the standard needed. There is no assurance of adequate funding to complete the trials required for regulatory approval. The regulatory authorities may also impose additional trials or other requirements before approval for commercial sale.

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 become involved in litigation in enforcing its intellectual property rights and/or be sued by third parties for alleged infringement and the result of such litigation is difficult to predict and may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

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 rate cycles, may pose significant risks to the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

A general interest rate hike cycle may impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

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 businesses, financial conditions, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

LOAN RENEWAL AND REFINANCING

The Group is partially financed by loans from banks and other sources. These loans have fixed terms and are subject to renewal or refinancing upon maturity. The success or otherwise in renewal or refinancing of the loans will affect the liquidity of the Group.

RISK OF ASSET IMPAIRMENT

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in profit or loss. The result of the Group will be affected by such asset impairment tests which are carried out at the end of each reporting period.

CURRENCY FLUCTUATIONS

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial position or potential income, asset value and liabilities. 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 businesses, financial conditions, results of operations or growth prospects.

FLUCTUATIONS IN TREASURY INVESTMENT VALUATION

The Group invests in various listed and unlisted entities, which are carried on the balance sheet at fair value. The performance of the Group is therefore subject to the change in the fair value of these investments.

CYBERSECURITY

With the fast expanding adoption of internet and networking operational technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's information assets are exposed to attack, damage or unauthorised access in the cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

Although the Group has not experienced any major damage to its projects, assets or activities from cyber attacks to date, there can be no assurance that future cyber attacks or security breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, business, results of operations and financial conditions.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries 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 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 businesses, financial conditions, results of operations or growth prospects.

IMPACT OF POSSIBLE ECONOMIC SANCTIONS ON BUSINESS PARTNERS, SUPPLIERS, CUSTOMERS OR BUSINESSES IN GENERAL

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, Her Majesty's Treasury, the Office of Financial Sanctions Implementation or other United Kingdom ("UK") government agency, the European Union ("EU") or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers are impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners are affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or on competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or other regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial condition and 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 businesses, financial conditions, results of operations or growth prospects. 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 guidelines, directives, 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, which may have an impact on the Group's businesses, financial conditions, results of operations or growth prospects.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The expenses on remediation, the cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

WINE AND VINEYARD MARKET

The Group is among the largest vineyard owners in Australasia in terms of hectarage and top ten in the world. The vineyards of the Group 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 leases and continue to pay the rent during their existing lease term, or that the leases will be renewed at favorable terms upon their expiries. Tenants of the Group's vineyards export wine to, amongst other countries, the UK and China. The exit of the UK from the EU and the tension between China and Australia may have adverse effects affecting exports of wine by our tenants and their ability to keep up rental payment. Furthermore, the market value of the vineyard portfolio is subject to currency fluctuations which may impact on the Group's income or financial position.

SOCIAL INCIDENTS AND TERRORIST THREAT

The Group is a diversified company with businesses in Asia, Australasia and North America. In recent years, a series of social incidents and terrorist activities occurred across the globe that resulted in economic losses, multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threat, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

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 ("HKFRSs"). HKICPA may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the HKFRSs will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new HKFRSs might or could have a significant impact on the Group's financial position, results of operations or profit growth.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK 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 ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or 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 an increase in 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 Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements, and a willingness to take merchant risk. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are 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 Group 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. COVID-19 has introduced more market uncertainty and has also imposed logistical restrictions on the ability to conduct due diligence according to the Group's usual procedures.

Some of these merger and acquisition 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 Group 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 an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

NATURAL DISASTERS

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, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, drought 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 businesses, financial conditions, results of operations or growth prospects.

CLIMATE CHANGE AND ENVIRONMENTAL CHANGE

Some of the Group's assets, businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by the physical effects of climate change. 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. Furthermore, on-going climate change may trigger off serious natural events like drought and bushfires that may destroy or damage the Group's assets such as land and vineyards.

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.

In addition, there is a trend of transition to low carbon economies owing to the climatic changes, which may expose the Group to various risks derived from the global transitioning process, in particular policy, legal, technology, market and reputation risks arising from evolving climate-responsive measures. For example, operating cost is expected to increase as old equipment is converted, retrofitted and replaced where appropriate to support policies and regulatory measures to lower fuel consumption and greenhouse gas emissions.

Physical risks, together with transition risks arising from climate change may have potential impact on the Group's businesses, operations, financial conditions or reputation.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group 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*
IP Tak Chuen, Edmond	*Senior Vice President and Chief Investment Officer*
YU Ying Choi, Alan Abel	*Vice President and Chief Executive Officer*
TOH Kean Meng, Melvin	*Vice President and Chief Scientific Officer*

Non-executive Directors

Peter Peace TULLOCH	*Non-executive Director*
KWOK Eva Lee	*Independent Non-executive Director*
Colin Stevens RUSSEL	*Independent Non-executive Director*
KWAN Kai Cheong	*Independent Non-executive Director*
Paul Joseph TIGHE	*Independent Non-executive Director*
Donald Jeffrey ROBERTS	*Independent Non-executive Director*

AUDIT COMMITTEE

KWAN Kai Cheong *(Chairman)*
Paul Joseph TIGHE
Donald Jeffrey ROBERTS

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Paul Joseph TIGHE *(Chairman)*
LI Tzar Kuoi, Victor
Donald Jeffrey ROBERTS

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond *(Chairman)*
Paul Joseph TIGHE
Eirene YEUNG

EXECUTIVE COMMITTEE

LI Tzar Kuoi, Victor *(Chairman)*
KAM Hing Lam
IP Tak Chuen, Edmond
YU Ying Choi, Alan Abel
TOH Kean Meng, Melvin
MO Yiu Leung, Jerry
WU Pak To, Sunny
WONG Wun Lam, Peter

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

COMPLIANCE OFFICER

YU Ying Choi, Alan Abel

CHIEF FINANCIAL OFFICER

MO Yiu Leung, Jerry

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Canadian Imperial Bank of Commerce
China Construction Bank (Asia) Corporation Limited
Commonwealth Bank of Australia
The Hongkong and Shanghai Banking Corporation Limited
Mizuho Bank, Ltd.
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

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

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
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	15 March 2022
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	12 to 17 May 2022 *(both days inclusive)*
Annual General Meeting	17 May 2022
Record Date (for determination of shareholders who qualify for the Final Dividend)	23 May 2022
Payment of Final Dividend	1 June 2022

This annual report 2021 ("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.

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