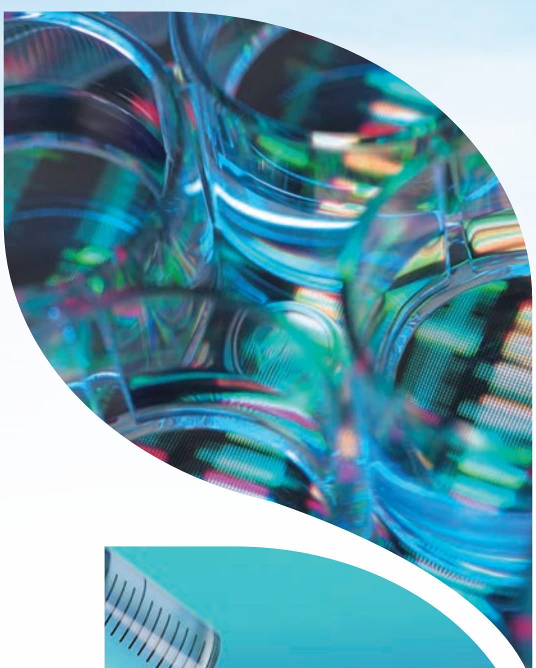
CK Life Sciences

ANNUAL REPORT
2022

ENHANCING EVERYDAY LIVING



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)

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.

Contents

Chairman's Statement

For the year ended 31 December 2022, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") reported profit attributable to shareholders of HK$132 million, a reduction of 19% compared with that of 2021. This result was significantly impacted by higher finance costs due to rising interest rates and weakened foreign currencies against the Hong Kong dollar. Had the same interest and foreign exchange rates as 2021 applied, the 2022 profit would have been reported as approximately 41% higher than 2021.

The Board of Directors has recommended a final dividend of HK 0.8 cent per share for the year ended 31 December 2022 (2021: HK 1 cent per share). The proposed dividend will be paid on Monday, 5 June 2023 following approval at the 2023 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24 May 2023.

HEALTHCARE RESEARCH AND DEVELOPMENT

Pharmaceuticals and molecular diagnostics are main areas in which the Company's research and development effort is concentrated. The focus of pharmaceutical R&D is on cancer vaccines and pain management products, while molecular diagnostic R&D projects primarily target early detection of cancer.

Cancer Vaccines

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 U.S. subsidiary, Polynoma LLC ("Polynoma"), for the adjuvant treatment of patients 60 years and younger with Stage IIB or IIC melanoma, following definitive surgical resection.

With the COVID-19 pandemic abating, supply chain disruptions and manpower shortages started to ease in the second half of 2022, allowing Polynoma to make some progress in the manufacturing of drug product for the pivotal Phase III clinical trial. This clinical study has already received the green light from the U.S. Food and Drug Administration ("US FDA") to commence, under a Special Protocol Assessment agreement, and Polynoma hopes to do so as soon as feasible.

The Company has begun multiple cancer vaccine R&D projects at the discovery and preclinical development stage and aims to advance new cancer vaccine candidates into clinical testing in the coming years. The design of these novel cancer vaccines is based on different tumour antigens, immune checkpoint proteins and other target proteins in the tumour microenvironment.

In November 2022, the Company also embarked on a strategic R&D collaboration with XtalPi Inc. ("XtalPi"), a Shenzhen-headquartered technology company with expertise in drug discovery powered by Artificial Intelligence (AI) and automation. XtalPi and CK Life Sciences will leverage their respective strengths to jointly develop a novel AI-empowered cancer vaccine R&D platform to improve and accelerate the discovery and development of new cancer vaccines. This partnership is a prime example of cross-border scientific research collaboration supporting the growth of the innovation and technology ecosystem in the Greater Bay Area.

Pain Management

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 allowed the start of a Phase III clinical trial of Halneuron® for Chemotherapy-induced Neuropathic Pain ("CINP"). 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 has initiated an Asian/North American clinical trial of Halneuron®, which is evaluating the duration of pain reduction in patients with moderate to severe CINP. Regulatory approvals to conduct this clinical trial have been received in South Korea, Taiwan, Singapore, Mainland China, Canada and the U.S., and patient enrolment is underway.

Cancer Diagnostics

A new area of interest for the Company is the R&D of liquid biopsy molecular diagnostic tests for the early detection of cancer. Early cancer detection enables earlier intervention and better patient outcomes. The Company aims to develop innovative, convenient, and cost-effective solutions for early cancer detection that can be widely deployed. In July 2022, the Company announced an investment in cancer diagnostics through an agreement to subscribe for shares in Pharus, Inc. ("Pharus"), a wholly owned subsidiary of Quark Biosciences, Inc. The focus of Pharus is on research, development and commercialisation of molecular diagnostics utilising the OncoSweep™ cancer liquid biopsy platform, for the early detection of cancer. Apart from its investment in Pharus, the Company also has ongoing in-house cancer diagnostic R&D projects, targeting melanoma and prostate cancer.

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

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.

The nutraceutical business performed well in 2022. Profit contribution from this segment to the Company is HK$262.3 million, 11% higher than in 2021. This reported profit amount is impacted by weaker foreign currencies against the Hong Kong dollar. At the same foreign exchange rates as 2021, the profit contribution of the nutraceutical business would have been an increase of approximately 14% over that of 2021.

In 2022, heightened awareness of the need to maintain wellness in the aftermath of the COVID-19 pandemic helped sustain interest in, and demand for, vitamins and supplements. Timely responses to severe cost increases exacerbated by supply chain disruptions and high level of vacancies enabled the segment to convert market demand into satisfactory sales and profit.

Vitaquest is an industry-leading development and commercialisation partner for the nutraceutical and functional food markets. While implementing price increases to cope with cost escalation, Vitaquest was able to retain critical existing business by reducing customer lead times and improving service levels. Investment in digitisation and automated equipment enabled greater visibility and control over operations, as well as increased efficiency. The Company retained full FSSC 22000 Food Safety certification after an on-site audit.

SNAG is one of Canada's longest established companies specialising in progressive natural health solutions. The Company took advantage of the sustained interest in maintaining natural immunity with new products and creative merchandising strategies. It mitigated the effect of high inflation and supply chain costs by adapting its procurement strategies and exploring new sourcing partners.

Lipa is one of the largest contract manufacturers of complementary healthcare medicines, vitamins and nutritional supplements in Australia. During the year, it achieved solid sales and financial performance, acquiring new customers growing across different markets with emerging new product formats. It was the winner of the 2022 Complementary Medicines Australia (CMA, an industry association) Judge's Choice Award that recognises "market-breaking innovations" and "consistently high product quality".

AGRICULTURE-RELATED BUSINESS

The agriculture-related business consists of three main streams – (i) Australian Agribusiness (Holdings) Pty Ltd ("Australian Agribusiness"); (ii) the salt business; and (iii) a vineyard portfolio.

Against a backdrop of severe flooding aggravating supply chain, labour availability and inflation challenges, the 2022 performance of the agriculture-related business is satisfactory. The profit contribution to the Company is HK$336 million, about the same as 2021. At the same foreign exchange rates as 2021, the profit contribution from this business segment in 2022 would have been an increase of about 7% over that of 2021.

Australian Agribusiness comprises businesses in the manufacturing, wholesale and retail of agriculture-related products. Both operating units, Crop Solutions ("CS") and Consumer and Professional Solutions ("CPS"), faced margin pressure. CS production volume exceeded that of 2021, and margins improved in the second half of the year with new procurement practices and a change in customer mix. CPS improved operating margins through cost saving initiatives and acquisition of new customers.

Key operating entities in the salt business are Cheetham Salt Limited in Australia and Dominion Salt Limited in New Zealand. La Niña-related weather events affected salt field productivity; shortage of labour reduced efficiency at manufacturing facilities; and logistics costs, both domestic and international, exerted further pressure on margins. Nevertheless, sustained demand for salt products and agile adaptation to the volatile operating environment enabled the entities to deliver a reasonable performance.

By contrast, the Company's vineyard portfolio was not affected by supply chain and labour challenges faced by other agriculture-related businesses. Rental income remained steady on the back of long-term leases. The portfolio underwent a renewal process with the acquisition of a property in the Margaret River region of Western Australia, disposal of properties in the Riverina area of New South Wales and extensive crop protection and replanting upgrade works on a large property in the Murray Valley region of Victoria. Valuation of the portfolio also increased.

SUSTAINABILITY

Under the leadership of the board-level Sustainability Committee, the Company has kick-started the journey to align our reporting with the Task Force on Climate-Related Financial Disclosures (TCFD) framework through various work programmes to assess and enhance our readiness.

Our business units have further refined various environmental targets to minimise our environmental footprint in 2022. These include reducing greenhouse gases (GHG), energy and water intensity, as well as transitioning energy sources to renewables and increasing waste reduction targets. These targets guide our business strategy and sustainability agenda by setting out the areas of innovation and change needed to deliver on our commitments.

More comprehensive disclosure on sustainability initiatives and transitioning progress will be covered in a standalone Sustainability Report.

PROSPECTS

The foundations of our operating businesses are strong, especially with the support of improvements we implemented during the COVID-19 pandemic. As pressures from the pandemic ease and market conditions gradually improve, we are confident that operating results will improve. However, higher interest rates aimed at taming inflation, volatile exchange rates and ongoing geopolitical tensions will continue to create uncertainty for our financial performance.

Once again, I would like to express my appreciation to our staff. Their unwavering dedication to meeting challenges head on is central to the success of the Company. I would also like to thank our shareholders and the Board of Directors for their continued support and contribution.

Victor T K Li
Chairman

Hong Kong, 14 March 2023

A

Agriculture-related Business

Vineyards

CK Life Sciences owns around 7,300 hectares of vineyards in Australia and New Zealand.

CK Life Sciences owns around 7,300 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.

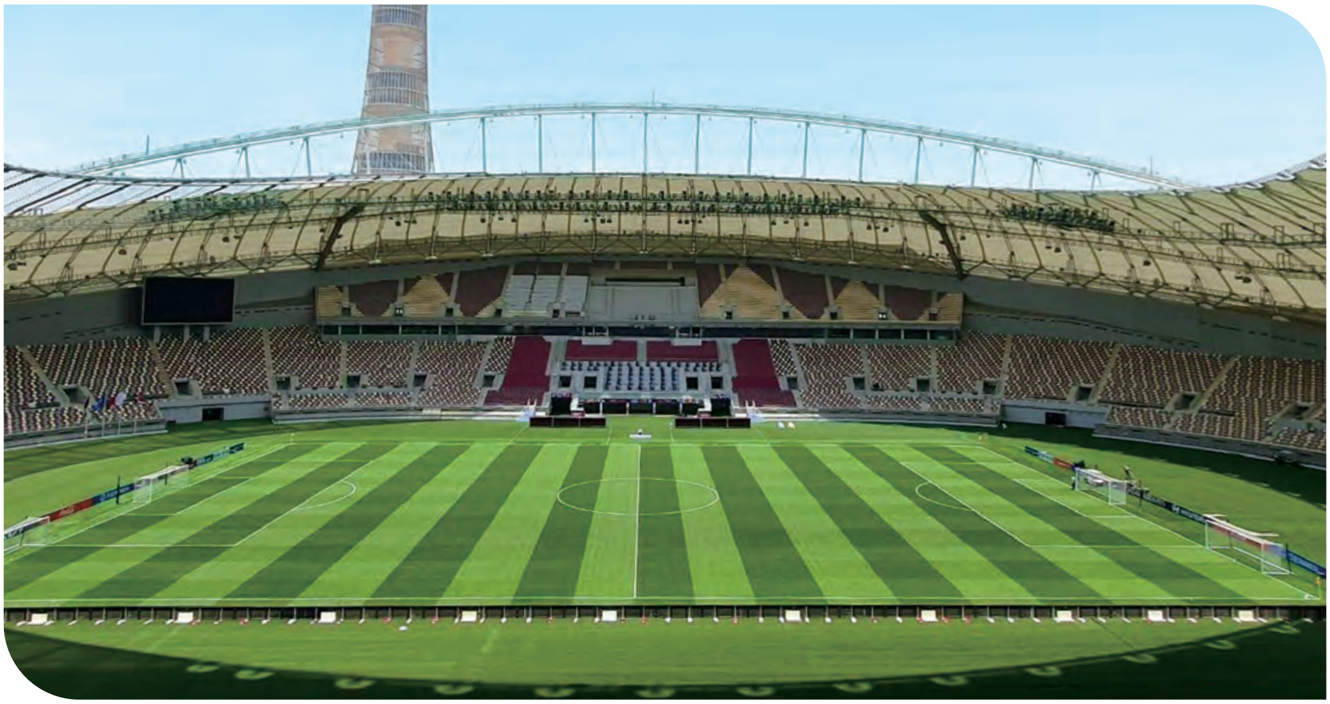
The vineyard portfolio underwent a programme of renewal and rejuvenation, including acquisition, disposal and capital upgrades. After disposing of two minor properties in the Riverina area in New South Wales, Australia, we acquired Chalice vineyard in Margaret River, the largest wine region in Western Australia, in December 2022. Chalice vineyard has a total area just under 190 hectares and has been developed to a good mix of red and white grape varieties. The property is leased to a tenant for an initial period of 10 years, bringing our holdings in Margaret River to five.

During the year, extensive crop protection and replanting upgrade works were undertaken on one of the largest properties in the portfolio, 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 where the infrastructure has reached the end of its economic life. In addition to achieving higher rental income, the Company's vineyard portfolio also recorded increases in valuation largely driven by heightened demand for wine from the Western Australian and New Zealand regions, reflecting good demand for long-term leased agricultural properties despite headwinds in the broader economy.

CK Life Sciences acquired Chalice vineyard in Margaret River, the largest wine region in Western Australia, in December 2022.

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.



Australian Agribusiness

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 several warehouses and retail outlets. Australian Agribusiness is divided 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.

Despite disruptions in supply chains, extreme weather events attributable to La Niña pattern and raw material pricing, Australian Agribusiness focused on maintaining operating margins via both product and customer mix, price realisation and significant cost optimisation.

The channel to market for CS is via the Accensi brand, one of Australia's largest toll formulators of Crop Protection products, with a national R&D facility located in Queensland and manufacturing and warehousing sites in the three main cropping regions throughout Australia. While overall formulation volume exceeded prior year, margins came under pressure from COVID-related supply chain issues, raw material pricing and flooding due to La Niña on the east coast of Australia. CS continued to expand its capability to meet the demands of multinational customers, while continuing its commitment to Health, Safety, Environment and Quality (HSEQ).

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 came under significant revenue and margin pressure resulting from relentless rainfall on the east coast of Australia. The impact of La Niña restricted the application of certain products within our portfolio. However, CPS improved operating margins year on year from cost saving initiatives and market share gains with the addition of new customers.

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

Accensi is one of Australia's largest toll formulators of Crop Protection products.

CK Life Sciences' salt business comprises three operating entities: Cheetham Salt Limited in Australia, Dominion Salt Limited in New Zealand and Cheetham Garam Indonesia.

Salt

The salt business comprises three operating entities: Cheetham Salt Limited ("Cheetham") in Australia, Dominion Salt Limited ("Dominion") in New Zealand and Cheetham Garam Indonesia. As the largest producer of value-added salt products in their respective markets, Cheetham and Dominion enjoy a leading position in their domestic markets. They also serve vibrant and growing export markets, supplying premium food grade salt and high purity pharmaceutical salt that meets pharmacopoeia standards.

With significant freehold and leasehold land holdings upon which they operate salt fields and manufacturing plants, Cheetham and Dominion process a high percentage of almost 900,000 tonnes of crude salt capacity into value added products for a broad range of industries, including industrial, food manufacturing, retail, agriculture, pharmaceutical and domestic water treatment & swimming pools management.

The enormous challenges that existed in 2021 persisted throughout 2022. In addition to the ongoing COVID-19 pandemic, the businesses had to contend with the global impact of the military conflict in Ukraine and La Niña weather events that affected salt field harvesting yield. Sustained demand for salt products did not translate into a significant improvement in financial performance, as price increases were inadequate to make up for rapid and large supply chain and energy cost increases. With severely curtailed labour availability due to the historically low unemployment rate, manufacturing facilities could not always run at peak efficiency. Nevertheless, the essential nature of salt products, together with market, segment, and geographic diversification, provides the business with a degree of resilience. Salt remains committed to being agile and adapting to a volatile, uncertain, complex, and ambiguous operating environment and timely implementation of efficiency measures to improve margins.

CK Life Sciences supplies premium food grade salt and high purity pharmaceutical salt that meets pharmacopoeia standards.

Nutraceutical Business

Santé Naturelle A.G.

SNAG is one of Canada’s longest established companies specialised in providing science-based and innovative natural health solutions.

SNAG benefited from the new demand during the COVID-19 pandemic in which consumers became much more concerned with their immunity and turned to natural health supplements.

With over 76 years of experience in the Nutraceutical market, Santé Naturelle A.G. Ltée (SNAG) is one of Canada's longest established companies specialised in providing science-based and innovative natural health solutions. A team of dedicated scientists and merchandisers develop, produce, and sell natural supplements to the domestic Canadian and international markets. The focus of SNAG is on the development of unique products that help consumers with their overall health needs ranging anywhere from sleep deprivation and joint pain to immunity & energy, to name but a few.

In the past two years, SNAG benefited from the new demand during the COVID-19 pandemic in which consumers became much more concerned with their immunity and turned to natural health supplements. The company took advantage of this opportunity to grow its business in all markets through the development of new products and creative new merchandising strategies.

To counter the effect of high inflation and supply chain cost escalation, SNAG has been able to adapt its procurement strategies and explore alternative sourcing partners while increasing prices to improve and protect its profit margins.

Vitaquest is an industry-leading development and commercialisation partner for the nutraceutical and functional-food markets.

Vitaquest

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 customized solutions ranging from concept and formulation to delivery system design and finished product manufacturing.

2022 was a year defined by continued market volatility both domestically and abroad, with supply chain disruptions and inflation dominating the economic climate. By investing in newer automated equipment and uncovering hidden capacity in their existing operating environment, Vitaquest was able to reduce both the cost of manufacturing and customer lead times and improve customer service levels. These efforts enabled the company to remain stable and retain critical existing business while also reducing costs to improve financial performance.

Margins improved in the second half of the year as price increases designed to counteract the continued negative effects of inflation and labor costs began to bear fruit. Numerous digitisation projects provided significant improvement to overall production speed and allowed for greater visibility and control over operations, further contributing to improvements in manufacturing efficiency. As the year progressed the company began to see these benefits manifesting in overall sales growth as well as increased efficiencies in all operations.

Continuing a trend that began in 2021, this past year saw further improvement in overall safety performance highlighted by a decrease in both number of incidents and severity of injuries related to these events. Vitaquest also unveiled a new Health and Wellness program designed to provide education and resources for individuals to lead happier, healthier lifestyles. In December the company received full certification in all facilities in the mandatory on-site 1-year follow up audit based on FSSC 22000 Food Safety standards.

Lipa was the proud recipient of the 2022 Complementary Medicines Australia Judge's Choice Award.

Lipa

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 and across many Asian markets leveraging the demand for high quality Australian made products.

During the year, Lipa achieved a solid sales and financial performance supporting customers growing in both domestic and international markets. It was also successful in acquiring new customers and growing across a broader range of emerging product formats including two piece capsules and liquids.

Lipa was also the proud recipient of the 2022 Complementary Medicines Australia (CMA, an industry association) Judge's Choice Award. In conferring the award, the CMA notes: "Lipa strives for market-breaking innovations for its customers and their end consumers, by adopting a number of benchmark practices, ensuring consistently high product quality. The CMA Judges were very proud of the progress achieved in 2022, which has only been possible due to the highly passionate and talented Lipa team."

During 2022 Lipa also faced challenges with waves of COVID, rising raw materials costs, shipping delays and labour shortages. A major project for the year has been the investment in an upgraded liquid and creams capability which will be commissioned in Q1 2023. This investment expands capacity and format capability which opens opportunities to grow in this format and broaden the supply relationship with both existing and new customers.

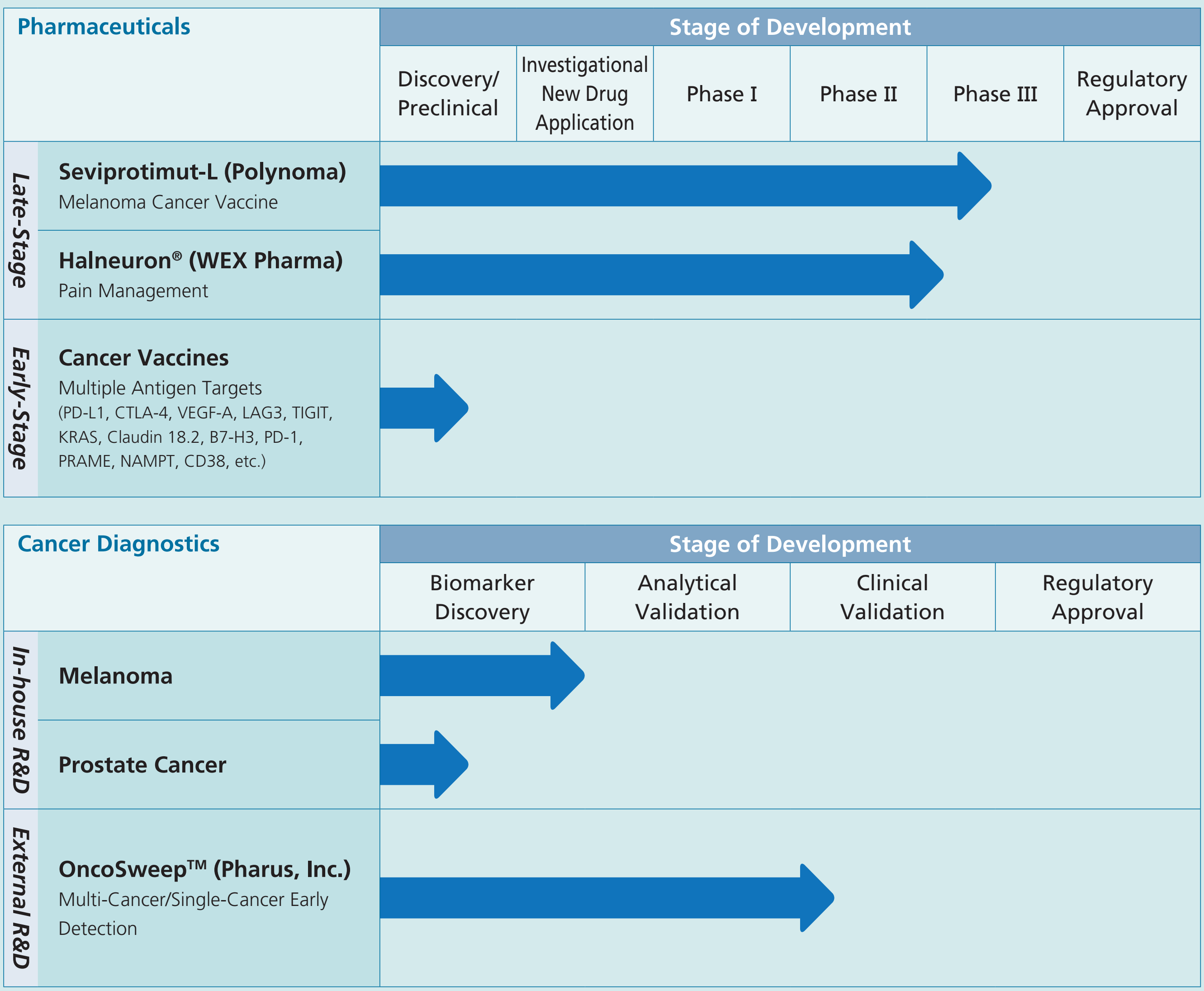
Business Review

Healthcare R&D

CK Life Sciences 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.

CK Life Sciences' research and development operations span Greater China, Canada and the United States. The Company has a portfolio of projects in the research and development of cancer vaccines, pain management products, and cancer diagnostics, ranging from advanced stages of clinical trial to early identification and validation of novel therapeutic and diagnostic solutions.

CK Life Sciences' R&D Pipeline



As of January 2023

Cancer vaccines are a type of immunotherapy that work by stimulating the body's immune system to fight cancer.

Cancer Vaccines

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.

With the COVID-19 pandemic abating, supply chain disruptions and manpower shortages started to ease in the second half of 2022, allowing Polynoma to progress the manufacturing of the seviprotimut-L drug product for the pivotal Phase III clinical trial. This clinical study has already received the green light from the U.S. Food and Drug Administration ("US FDA") to commence, under a Special Protocol Assessment agreement, and Polynoma hopes to commence this clinical trial as soon as feasible.

AI-empowered Cancer Vaccine R&D

In 2022, CK Life Sciences embarked on a strategic R&D collaboration with XtalPi Inc. ("XtalPi"), a Shenzhen-headquartered technology company specialising in drug discovery powered by Artificial Intelligence (AI). XtalPi and CK Life Sciences will leverage their respective expertise to jointly develop a novel AI-empowered cancer vaccine R&D platform to improve and accelerate the discovery and development of new cancer vaccines. Incorporating XtalPi's industry expertise in AI computation and robotic automation, this AI cancer vaccine R&D platform will apply advanced AI algorithms and high-precision molecular modelling to predict and design a variety of cancer vaccines that can activate specific immune responses to kill cancer cells. The cancer vaccines will be screened and verified through experiments, and through integrating algorithmic feedback to optimise activity and efficacy, the platform is expected to generate preclinical cancer vaccine candidate compounds with robust immune activity.

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.

Pain Management

WEX Pharmaceuticals Inc. ("WEX Pharma"), our Canadian subsidiary, is developing Halneuron®, an analgesic based on the puffer fish toxin, tetrodotoxin. Halneuron® acts by blocking Nav1.7 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 US FDA-approved medication for CINP. The US FDA and Health Canada have both given the greenlight to 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, recognising the need for prioritisation of spending among the various R&D projects.

In the meantime, WEX Pharma has initiated an Asian/North American Phase IIB clinical trial of Halneuron® to evaluate the duration of pain reduction in patients with moderate to severe CINP. Regulatory approvals to conduct this clinical trial have been received in South Korea, Taiwan, Singapore, Mainland China, Canada and the U.S. This multinational clinical study will also explore potential inter-regional differences in response to Halneuron®. Patient enrolment is underway.

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

In 2022, CK Life Sciences announced an investment in cancer diagnostics through an agreement to subscribe for shares in Pharus. The focus of Pharus is on research, development and commercialisation of molecular diagnostics utilising the OncoSweep™ cancer liquid biopsy platform, for the early detection of cancer.

Cancer Diagnostics

Early cancer detection enables earlier intervention and better patient outcomes and is an area of significant commercial potential. Cancer diagnostic R&D is a new focus area for the Company, and we aim to develop innovative, convenient, and cost-effective solutions for early cancer detection that can be widely deployed.

In 2022, the Company announced an investment in cancer diagnostics through an agreement to subscribe for shares in Pharus, Inc. ("Pharus"), a wholly owned subsidiary of Quark Biosciences, Inc. With the share subscription, the Company holds approximately 18.33% of the total issued share capital of Pharus. The focus of Pharus is on research, development and commercialisation of molecular diagnostics utilising the OncoSweep™ cancer liquid biopsy platform, for the early detection of cancer.

Apart from its investment in Pharus, the Company also has ongoing in-house cancer diagnostic R&D projects, targeting melanoma and prostate cancer.

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.

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.

Corporate Culture

As a company striving to improve quality of life, CK Life Sciences leverages well-developed and productive technologies to generate resources which support research into ground-breaking future technologies. In this process, we encourage fostering long-term relationships with all stakeholders in a spirit of innovation. Our corporate culture places strong emphasis on health and safety, and promotes creativity, diversity, equity and responsibility across all levels. Workplace policies and practices reflect the purpose, values and strategic direction of the Company.

	Year ended 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated results summary					
Revenue	5,232,992	4,967,024	4,942,544	5,402,312	**5,275,590**
Profit attributable to shareholders of the Company	263,001	181,735	125,234	162,801	**131,963**

	As at 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Consolidated statement of financial position summary					
Non-current assets	7,181,324	7,668,343	8,685,997	8,561,868	**8,141,765**
Current assets	3,257,127	3,046,248	3,291,672	3,169,150	**3,124,997**
Current liabilities	(1,948,089)	(3,575,440)	(915,573)	(2,075,102)	**(4,062,475)**
Non-current liabilities	(4,070,519)	(2,964,401)	(6,343,637)	(5,155,072)	**(3,048,837)**
Total net assets	4,419,843	4,174,750	4,718,459	4,500,844	**4,155,450**
Equity attributable to shareholders of the Company	4,263,908	4,177,484	4,721,199	4,503,584	**4,158,201**
Non-controlling interests of subsidiaries	155,935	(2,734)	(2,740)	(2,740)	**(2,751)**
Total equity	4,419,843	4,174,750	4,718,459	4,500,844	**4,155,450**

FINANCIAL RESOURCES, LIQUIDITY AND TREASURY POLICIES

In 2022, 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 2022, the bank borrowings amounted to HK$5,430.5 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 2022, certain assets of the Group's overseas subsidiaries with carrying value of HK$875.1 million were pledged as part of the security for bank borrowings totalling HK$120.5 million. The total interest expenses on bank borrowings of the Group for the year were HK$140.2 million.

At the end of 2022, the total assets of the Group were about HK$11,266.8 million, of which bank balances and time deposits were about HK$691.9 million and listed investment in securities were about HK$12.2 million.

The total net assets of the Group as at 31 December 2022 were HK$4,155.5 million, representing HK$0.43 per share. The net debt to net total capital ratio of the Group as at 31 December 2022 was approximately 53.28%, 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 2022 amounted to about HK$158.5 million.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 31 December 2022, the total capital commitments by the Group amounted to HK$85.3 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 1,856 as at 31 December 2022 (2021: 1,855). The total staff costs, including directors' emoluments, amounted to approximately HK$1,035.6 million for the year under review, which represents a decrease of 3.2% 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 2022 (2021: Nil).

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor, aged 58, 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. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. 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 76, 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 70, 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 67, 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 56, 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 30 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 79, 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 of CK Asset Holdings Limited, 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.

KWAN Kai Cheong, aged 73, 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 66, 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 71, 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 has been a member of the Remuneration Committee of the Company since September 2022. Mr. Roberts 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 the U.S.A., Canada and Australia). 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 the 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

CHAN Kit Man, Raymond, aged 55, is Operations Director of the Company. He holds a Bachelor of Arts degree in Philosophy. Mr. Chan has over 30 years of experience in consumer goods operations in leading multinational companies, including regional management roles in the healthcare category for Asia Pacific markets. Prior to joining the Company in November 2022, he was the Regional Business Development Director for an Australian-based healthcare company.

CHIU Ching Sze, Cindy, aged 46, is Legal Counsel of the Company. She holds a Master of Laws degree in Chinese Law and a Bachelor of Laws degree. She is a solicitor of the High Court of the Hong Kong Special Administrative Region. She has over 18 years of legal experience and was a senior counsel in a multinational listed company prior to joining the Group in May 2022.

HA Fu Lam, Ricky, aged 58, 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 57, 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.

LEE Mai Kuen, Jane, aged 63, 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.

TONG BARNES Wai Che, Wendy, aged 62, 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 58, is Chief Financial Officer, and is responsible for all matters relating to accounting and finance of the Company. He has been an Executive Committee Member of the Company since March 2022. Mr. Wong holds a Bachelor of Commerce degree with a major 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 61, is Chief Operating Officer, 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 53, 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 62, 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 48, 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 59, 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 56, 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. 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 64, is Chief Executive 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 62, is Chief Executive 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.

MCLEISH, Euan, aged 58, is Chief Executive Officer of Dominion Salt Ltd ("DSL"), overseeing the Group's salt operations in New Zealand. Mr. McLeish joined DSL in 2016. He holds a Master's degree in Business Administration and a Certificate in Mechanical Engineering. He is a Fellow in Manufacturing Management, and also served as Marine Engineering Officer in the Royal New Zealand Navy. Prior to joining DSL, Mr. McLeish worked for a major Australasian packaging company in a variety of sales, technical, operations and general management leadership roles.

NEWTON, Peter, aged 56, is Chief Executive Officer of the Cheetham Salt Group ("Cheetham"), which comprises the Group's salt operations in Australia and Indonesia. He joined Cheetham in 2008 and has held a number of sales and operations position during his tenure. He holds a Master's degree in Business Administration, a Bachelor's degree in Agricultural Science, and is a Graduate Member of the Australian Institute of Company Directors. Prior to joining Cheetham, Mr. Newton worked for major Australian companies in a variety of sales, technical, operations and site leadership roles. He has extensive experience in the agricultural sector.

TANNA, Rob, aged 56, 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 59, 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 2022.

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 27 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 29 and Financial Review on pages 30 to 31. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 174 to 181. The above discussions form part of the Report of the Directors.

The Group makes strong commitments to the continual improvement of its environmental performance through developing environmental targets across the business units. In the year of 2022, the Group's business units have further refined their energy consumption, waste reduction, and water usage targets for setting out the necessary changes to deliver on these commitments and ensuring more effective monitoring of the environmental progress. These targets contribute to reducing the Group's carbon footprint and environmental impact from operations.

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's businesses have all respectively embarked on energy efficiency projects. Vitaquest, for instance, has installed motion detector switches throughout the facilities to save electricity since 2019. In addition, there are 1,820 solar panels installed at Vitaquest's headquarters. As of September 2022, 335,202 kWh of energy has been generated by the panel systems. Moreover, Lipa conducted external energy audits to map out major energy users and formulate an Emission Reduction Plan, providing a comprehensive overview and clear direction for future emission reduction projects.

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. Merit-based remuneration mechanisms are in place to ensure the competitiveness of the Group. Remuneration packages are regularly reviewed against appropriate market data and adjusted as appropriate according to roles. In particular, Vitaquest rewarded employees with bonuses to acknowledge the commitment and loyalty employees have demonstrated following the raise of minimum wage last year.

The Group engages in frequent and open dialogues with customers to understand their needs and expectations. Different channels have been developed to gather 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 2022 are set out in the consolidated income statement on page 58.

The Directors recommend the payment of a final dividend of HK$0.008 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 29.

DIRECTORS

The Directors of the Company in office at the date of this report are listed on page 182 and their biographical information is set out on pages 32 to 35.

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. Kam Hing Lam, Dr. Toh Kean Meng, Melvin, Mr. Kwan Kai Cheong and Mr. Paul Joseph Tighe will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Colin Stevens Russel retired as an Independent Non-executive Director of the Company with effect from 1 September 2022.

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 and Connected Transactions", there was 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 2022 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 2022 , 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 2022, 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 2022, 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 is 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 in 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 in 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 are 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 2022, 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 AND CONNECTED TRANSACTIONS

1. *Continuing Connected Transactions*

The following transactions of the Group constituted continuing connected transactions of the Group during the year ended 31 December 2022 under the Listing Rules:

(a) 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 ended 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 2022, 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$35,755,000 and HK$1,139,000 respectively. Details of the Continuing Connected Transactions I were disclosed in the New Supply Announcement.

(b) 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; or (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 ended 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 2022, the aggregate amount of fees received/receivable by RMSPL from IPL pursuant to the New Management Agreement amounted to HK$5,718,000. 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 2022 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 2022 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.

Other Continuing Connected Transactions

On 16 December 2022, RMSPL and IPL entered into a new management agreement for a term of three years commencing from 1 January 2023 in relation to the appointment of RMSPL to provide the Services (as defined and for more particularly described in the Announcement of the Company dated 16 December 2022) to IPL in respect of the Properties (as defined and more particularly described in the announcement of the Company dated 16 December 2022) in Australia and New Zealand.

2. *Connected Transactions*

The following transaction constituted connected transaction of the Company during the financial year ended 31 December 2022 under the Listing Rules:

On 25 July 2022 (after trading hours), the Company announced that, Joris Investments Limited (the "CKLS Investor"), a wholly-owned subsidiary of the Company, Cosmic Classic Limited (the "CKHH Investor"), a wholly-owned subsidiary of CKHH, Quark Biosciences, Inc. ("Quark") and Pharus, Inc. ("Pharus"), a wholly-owned subsidiary of Quark, entered into a subscription agreement (the "Subscription Agreement"), pursuant to which each of the CKLS Investor and the CKHH Investor has subscribed for, and Pharus has issued to each of the CKLS Investor and the CKHH Investor, 5,500,000 Series A2 Preference Shares (the "Purchased Series A2 Shares") (the "Co-Investment") (as defined and more particularly described in the announcement dated 25 July 2022 (the "Announcement")). The completion of the subscription of the Purchased Series A2 Shares under the Subscription Agreement (the "Completion") had taken place on the same day as the date of the Subscription Agreement. Immediately following the Completion, the CKLS Investor and the CKHH Investor each holds approximately 18.33% of the total issued share capital of Pharus. Prior to Completion, Quark had transferred or licensed certain assets to Pharus pursuant to an asset transfer and license agreement entered into between Quark and Pharus on 22 July 2022. The CKLS Investor, the CKHH Investor, Quark and Pharus had also entered into a shareholders' agreement which sets out the terms on which Pharus is governed following Completion. Each of the CKLS Investor and the CKHH Investor remitted an amount equal to US$5,500,000 to Pharus in consideration for the issue of Purchased Series A2 Shares pursuant to the Subscription Agreement.

The Co-Investment represented an investment opportunity which offered synergies with the Company's existing operations in pharmaceuticals R&D as well as the potential for an attractive return and capital appreciation.

As at 25 July 2022, CKHH was interested in approximately 45.31% of the issued shares of the Company. Accordingly, the CKHH Investor is a connected person of the Company under the Listing Rules. As such, the Co-Investment constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the Company in relation to the Co-Investment exceeds 0.1% but all of the applicable percentage ratios were less than 5%, the Co-Investment was subject to the reporting and announcement requirements but was exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors had a material interest in the Co-Investment and thus no Director was required to abstain from voting on the board resolutions passed to approve the Co-Investment. The relevant Announcement in respect of the above connected transaction was published in accordance with the Listing Rules.

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 2022, 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 2022, 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 2022.

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 2022 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 D.3 of the Corporate Governance Report on pages 158 to 161.

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 2023 annual general meeting.

On behalf of the Board

Victor T K Li

Chairman

Hong Kong, 14 March 2023

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 58 to 128, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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 2022, the carrying amount of goodwill (net of accumulated impairment losses) amounted to HK$2,765,566,000 which represented approximately 25% 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 impairment assessment of goodwill is dependent on certain significant inputs and estimations that involve the management's judgments, including the calculation of value in use of each cash-generating unit to which goodwill has been allocated. This requires the Group to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate by referencing to market comparables in order to calculate its present value. Where the actual future cash flows are less than the expected future cash flows, impairment losses may arise. During the year ended 31 December 2022, no 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 34(b) to the consolidated financial statements. As at 31 December 2022, the Group's investment properties carried at HK$1,817,665,000, represented approximately 16% 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$46,717,000 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

14 March 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**5,275,590**	5,402,312
Cost of sales		**(3,649,604)**	(3,772,342)
		1,625,986	1,629,970
Other income, gains and losses	6	**128,011**	98,245
Staff costs	7	**(536,557)**	(571,564)
Depreciation		**(98,410)**	(106,698)
Amortisation of intangible assets		**(3,166)**	(7,590)
Other expenses	8	**(747,932)**	(707,506)
Finance costs	9	**(163,092)**	(97,823)
Share of results of a joint venture		**24**	1,205
Profit before taxation		**204,864**	238,239
Taxation	10	**(72,912)**	(75,438)
Profit for the year	11	**131,952**	162,801
Attributable to:			
Shareholders of the Company		**131,963**	162,801
Non-controlling interests of a subsidiary		**(11)**	–
		131,952	162,801
Earnings per share	12		
– Basic		**1.37 cents**	1.69 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 **HK$'000**	2021 HK$'000
Profit for the year	**131,952**	162,801
Other comprehensive income/(expenses)		
Item that will not be reclassified to profit or loss:		
Actuarial gain/(loss) of defined benefit retirement plan	**184**	(331)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(381,419)**	(283,974)
Other comprehensive expenses for the year	**(381,235)**	(284,305)
Total comprehensive expenses for the year	**(249,283)**	(121,504)
Attributable to:		
Shareholders of the Company	**(249,272)**	(121,504)
Non-controlling interests of a subsidiary	**(11)**	–
	(249,283)	(121,504)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Non-current assets			
Investment properties	*14*	**1,817,665**	2,047,858
Property, plant and equipment	*15*	**2,230,677**	2,334,510
Right-of-use assets	*16*	**372,486**	430,869
Intangible assets	*17*	**3,594,780**	3,670,797
Interests in a joint venture	*18*	**5,447**	5,793
Other financial assets	*19*	**42,900**	–
Deferred taxation	*26*	**77,810**	72,041
		8,141,765	8,561,868
Current assets			
Other financial assets	*19*	**12,191**	11,669
Tax recoverable		**5,524**	5,635
Inventories	*20*	**1,284,961**	1,253,873
Receivables and prepayments	*21*	**1,130,387**	1,007,172
Bank balances and deposits	*22*	**691,934**	890,801
		3,124,997	3,169,150
Current liabilities			
Payables and accruals	*23*	**(878,895)**	(741,844)
Bank borrowings	*24*	**(3,056,496)**	(1,224,000)
Lease liabilities	*25*	**(69,418)**	(69,108)
Taxation		**(57,666)**	(40,150)
		(4,062,475)	(2,075,102)
Net current (liabilities)/assets		**(937,478)**	1,094,048
Total assets less current liabilities		**7,204,287**	9,655,916

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Bank borrowings	*24*	**(2,374,000)**	(4,412,893)
Lease liabilities	*25*	**(446,251)**	(507,005)
Deferred taxation	*26*	**(220,444)**	(223,765)
Retirement benefit obligations	*27*	**(8,142)**	(11,409)
		(3,048,837)	(5,155,072)
Total net assets		**4,155,450**	4,500,844
Capital and reserves			
Share capital	*28*	**961,107**	961,107
Share premium and reserves		**3,197,094**	3,542,477
Equity attributable to shareholders of the Company		**4,158,201**	4,503,584
Non-controlling interests of a subsidiary		**(2,751)**	(2,740)
Total equity		**4,155,450**	4,500,844

Victor T K Li
Director

Ip Tak Chuen, Edmond
Director

14 March 2023

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to shareholders of the Company								Attributable to non-controlling interests of a subsidiary	Total
	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	HK$'000	HK$'000
As at 1 January 2021	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**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**131,963**	**131,963**	**(11)**	**131,952**
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**(381,419)**	**–**	**–**	**–**	**(381,419)**	**–**	**(381,419)**
Actuarial gain of defined benefit retirement plan	**–**	**–**	**–**	**–**	**–**	**–**	**184**	**184**	**–**	**184**
Total comprehensive (expenses)/ income for the year	**–**	**–**	**–**	**(381,419)**	**–**	**–**	**132,147**	**(249,272)**	**(11)**	**(249,283)**
Dividends paid to the shareholders of the Company – 2021 final dividend HK$0.01 per share	**–**	**(96,111)**	**–**	**–**	**–**	**–**	**–**	**(96,111)**	**–**	**(96,111)**
As at 31 December 2022	**961,107**	**3,186,435**	**(103,347)**	**(1,706,416)**	**41,885**	**(541,036)**	**2,319,573**	**4,158,201**	**(2,751)**	**4,155,450**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 ***HK$'000***	2021 *HK$'000*
Profit before taxation	**204,864**	238,239
Share of results of a joint venture	**(24)**	(1,205)
Finance costs	**163,092**	97,823
Depreciation	**227,748**	239,294
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(522)**	1,045
Net gain on disposal of investment properties	**(27,526)**	–
Gain on disposal of intangible assets	**(23,685)**	–
Net (gain)/loss on disposal of property, plant and equipment	**(300)**	764
Interest income	**(5,775)**	(1,425)
Amortisation of intangible assets	**3,166**	7,590
Net unrealised gain on fair value changes of investment properties	**(46,717)**	(71,406)
Net impairment/(reversal of impairment) of property, plant and equipment	**22,490**	(2,786)
(Reversal of impairment)/impairment of intangible assets	**(19,495)**	13,058
Net impairment of trade receivables	**20,407**	2,924
Net gain of lease modification adjustment	**(974)**	–
Write-down of inventories	**16,249**	59,676
Operating cash flows before working capital changes	**532,998**	583,591
(Increase)/decrease in inventories	**(95,592)**	16,239
Increase in receivables and prepayments	**(189,538)**	(117,361)
Increase/(decrease) in payables and accruals	**164,010**	(40,471)
Profits tax paid	**(48,219)**	(18,423)
Net cash from operating activities	**363,659**	423,575
Investing activities		
Purchases of investment properties	**(43,743)**	(44,788)
Purchases of property, plant and equipment	**(216,017)**	(216,202)
Additions to intangible assets	**(952)**	(1,046)
Proceeds from disposal of investment properties	**223,219**	–
Proceeds from disposal of intangible assets	**27,895**	–
Proceeds from disposal of property, plant and equipment	**24,662**	1,138
Purchase of financial assets at fair value through profit or loss	**(42,900)**	–
Dividends received from a joint venture	**–**	1,588
Interest received	**5,717**	1,426
Net cash used in investing activities	**(22,119)**	(257,884)

Consolidated Statement of Cash Flows (Cont'd)

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Financing activities			
New bank borrowings raised		**1,224,000**	1,150,000
Repayment of bank borrowings		**(1,407,007)**	–
Repayment of other borrowings		**–**	(1,100,000)
Repayment of lease liabilities – Principal portion		**(73,220)**	(75,873)
Repayment of lease liabilities – Interest portion		**(22,830)**	(23,481)
Interest paid on bank and other borrowings		**(140,172)**	(74,616)
Dividends distributed to shareholders of the Company		**(96,111)**	(96,111)
Net cash used in financing activities		**(515,340)**	(220,081)
Net decrease in cash and cash equivalents		**(173,800)**	(54,390)
Cash and cash equivalents at beginning of the year		**890,801**	958,998
Effect of foreign exchange rate changes		**(25,067)**	(13,807)
Cash and cash equivalents at end of the year	*22*	**691,934**	890,801

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.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK$937,478,000. The Directors are of the opinion that, taking into account of the available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. The Directors are confident that the bank borrowings can be renewed/refinanced based on the Group's healthy financial position and strength of its business prospects. Hence, the consolidated financial statements have been prepared on a going concern basis.

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.

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

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

HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
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	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

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

3 Effective for annual periods beginning on or after 1 January 2024

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 period beginning on or after 1 January 2023, with early application permitted. The Group considers there will have no material impact on the consolidated financial statements. 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.

(b) Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing output.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Business combinations (cont'd)

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets ("HKAS 37") or HK(IFRIC)-Int 21 Levies ("HK(IFRIC)-Int 21"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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	$3\frac{2}{3}\%$ 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	$6\frac{2}{3}\%$ to 70%

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

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 group of cash-generating units) that is 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

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.

(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). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment (cont'd)

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.

(g) Investments in an associate and a joint venture

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

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

The results and assets and liabilities of associates and 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 an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. Changes in net assets of the associates or joint ventures 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 an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in an associate and a joint venture (cont'd)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in an associate and a joint venture (cont'd)

Changes in the Group's interests in associates and joint ventures

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

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

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

(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 or designated at 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 or not designated as measured at FVTOCI are measured at FVTPL.

The Group has made an irrevocable election at initial recognition to designate certain investments in equity instruments which are not held for trading to be measured at FVTOCI.

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 provide 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) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

– Cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

– Cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) *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.

(l) *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)

(l) 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)

(l) 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.

(m) 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)

(n) 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.

(o) 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. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign currencies (cont'd)

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).

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.

(p) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation (cont'd)

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

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

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

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

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.

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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation (cont'd)

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.

(q) 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 valuations performed by independent professional valuers and internal valuation. These valuations were 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.

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

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 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.

As at 31 December 2022, a deferred tax asset of HK$77,810,000 (2021: HK$72,041,000) has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal takes place.

Fair value measurements and valuation processes

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 34.

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:

	2022 **HK$'000**	2021 HK$'000
Sales of goods:		
Agriculture-related	**2,005,001**	2,091,543
Health	**3,097,090**	3,122,293
Revenue from contracts with customers	**5,102,091**	5,213,836
Rental income (included in agriculture-related segment)	**172,680**	187,100
Investment income	**819**	1,376
	5,275,590	5,402,312

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

6. OTHER INCOME, GAINS AND LOSSES

	2022 **HK$'000**	2021 HK$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	**5,530**	727
Other interest income	**245**	698
Government grants*	**2,164**	4,515
Exchange (loss)/gain	**(3,475)**	4,206
Net unrealised gain on fair value changes of investment properties	**46,717**	71,406
Net (impairment)/reversal of impairment of property, plant and equipment	**(22,490)**	2,786
Reversal of impairment/(impairment) of intangible assets	**19,495**	(13,058)
Net impairment of trade receivables	**(20,407)**	(2,924)
Net gain on disposal of investment properties	**27,526**	–
Gain on disposal of intangible assets	**23,685**	–
Net gain/(loss) on disposal of property, plant and equipment	**300**	(764)
Fair value gain/(loss) on investments mandatorily measured at fair value through profit or loss		
– Investments held for trading	**522**	(1,045)

* Included in the government grants are COVID-19 subsidies of HK$2,164,000 (2021: Nil) related to Employment Support Scheme provided by the Hong Kong government. During the year ended 31 December 2021, the Group received COVID-19 subsidies of HK$4,515,000 from the Group's overseas operations.

7. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK$1,035.6 million (2021: HK$1,069.5 million) of which HK$499.0 million (2021: HK$497.9 million) relating to direct labor costs were included in cost of sales.

8. OTHER EXPENSES

	2022	2021
	HK$'000	*HK$'000*
Included in other expenses are:		
Auditor's remuneration	**12,528**	13,198
Clinical trial and laboratory expenses	**106,729**	110,982
Freight and delivery expenses	**357,220**	295,666
Information technology expenses	**26,804**	27,842
Insurance expenses	**26,847**	33,350
Professional, legal and consultancy expenses	**39,378**	44,448
Selling, promotion, advertising and related expenses	**59,321**	71,291

9. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**140,194**	59,389
Other borrowings	**–**	15,305
Lease liabilities	**22,898**	23,129
	163,092	97,823

10. TAXATION

	2022 **HK$'000**	2021 *HK$'000*
The tax expenses for the year represent:		
Current tax		
Hong Kong	**47**	137
Other jurisdictions	**65,745**	41,092
Under/(over) provision in prior years		
Hong Kong	**(6)**	(12)
Other jurisdictions	**4,111**	(238)
Deferred tax *(Note 26)*		
Hong Kong	**–**	–
Other jurisdictions	**3,015**	34,459
	72,912	75,438

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

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

	2022 **HK$'000**	2021 *HK$'000*
Profit before taxation	**204,864**	238,239
Notional tax at tax rate of 16.5%	**33,803**	39,309
Tax effect of share of results of a joint venture	**(4)**	(199)
Tax effect of non-deductible expenses	**41,095**	26,929
Tax effect of non-taxable income	**(47,284)**	(27,133)
Tax effect of tax losses not recognised	**22,919**	24,080
Under/(over) provision in prior years	**4,105**	(250)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**15,360**	19,004
Recognition of previously unrecognised tax losses	**–**	(3,389)
Others	**2,918**	(2,913)
Tax expenses	**72,912**	75,438

11. PROFIT FOR THE YEAR

	2022 **HK$'000**	2021 *HK$'000*
Profit for the year has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment		
– Owned assets	**150,692**	156,141
Right-of-use assets		
– Land and buildings	**65,927**	69,643
– Machinery and equipment	**5,923**	6,455
– Furniture, fixtures and other assets	**5,206**	7,055
	227,748	239,294
Amounts included in production overheads	**(129,338)**	(132,596)
	98,410	106,698
Write-down of inventories	**16,249**	59,676
and after crediting:		
Rental income from investment properties (included in revenue)	**172,680**	187,100
Dividend income from listed securities mandatorily measured at fair value through profit or loss (included in revenue)	**819**	1,376

12. EARNINGS PER SHARE

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

	2022 HK$'000	2021 HK$'000
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic earnings per share	**131,963**	162,801
Number of shares		
Number of ordinary shares in issue used in the calculation of basic earnings per share	**9,611,073,000**	9,611,073,000

No diluted earnings per share for the years ended 31 December 2022 and 31 December 2021 were presented as there were no potential ordinary shares in issue.

13. DIVIDENDS

A final dividend for the year ended 31 December 2022 of HK$0.008 per share (2021: HK$0.01 per share) with an aggregate amount of HK$76,889,000 (2021: 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

	2022 HK$'000	2021 HK$'000
Overseas freehold investment properties, at valuation		
As at 1 January	**2,047,858**	2,032,170
Additions	**43,743**	44,788
Disposals	**(195,693)**	–
Net increase in fair value recognised in profit or loss	**46,717**	71,406
Exchange differences	**(124,960)**	(100,506)
As at 31 December	**1,817,665**	2,047,858

Details of the valuation processes and valuation techniques of investment properties are disclosed in notes 4 and 34(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 2021	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**
Additions	**488**	**34,755**	**2,236**	**149,807**	**19,137**	**11,830**	**–**	**218,253**
Reclassification	**1,753**	**–**	**1,045**	**(65,236)**	**44,299**	**9,338**	**8,801**	**–**
Disposals/write-off	**(1,131)**	**(37,725)**	**–**	**(142)**	**(34,227)**	**(13,853)**	**(929)**	**(88,007)**
Exchange difference	**(32,705)**	**(45,184)**	**(31,790)**	**(7,924)**	**(58,452)**	**(4,896)**	**(3,446)**	**(184,397)**
As at 31 December 2022	**607,997**	**646,822**	**487,937**	**210,826**	**1,230,489**	**190,347**	**288,903**	**3,663,321**
Comprising:								
Cost	**607,997**	**646,822**	**–**	**210,826**	**1,230,489**	**190,347**	**288,903**	**3,175,384**
Valuation	**–**	**–**	**487,937**	**–**	**–**	**–**	**–**	**487,937**
	607,997	**646,822**	**487,937**	**210,826**	**1,230,489**	**190,347**	**288,903**	**3,663,321**
Depreciation and impairment								
As at 1 January 2021	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**
Provided for the year	**13,032**	**26,425**	**–**	**–**	**81,983**	**14,968**	**14,284**	**150,692**
Impairment loss	**–**	**22,490**	**–**	**–**	**–**	**–**	**–**	**22,490**
Eliminated upon disposals/ write-off	**(1,080)**	**(15,578)**	**–**	**–**	**(32,337)**	**(13,721)**	**(929)**	**(63,645)**
Exchange difference	**(5,006)**	**(18,702)**	**–**	**–**	**(31,562)**	**(3,090)**	**(1,495)**	**(59,855)**
As at 31 December 2022	**136,396**	**304,050**	**–**	**–**	**712,223**	**146,227**	**133,748**	**1,432,644**
Carrying values								
As at 31 December 2022	**471,601**	**342,772**	**487,937**	**210,826**	**518,266**	**44,120**	**155,155**	**2,230,677**
As at 31 December 2021	510,142	405,561	516,446	134,321	565,593	39,858	162,589	2,334,510

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

The carrying value of properties shown above comprises:

	2022 *HK$'000*	2021 *HK$'000*
Land and building:		
Hong Kong	**62,399**	64,945
Overseas	**409,202**	445,197
	471,601	510,142

Details of the valuation processes and valuation techniques of salt fields are disclosed in notes 4 and 34(b).

During the year ended 31 December 2022, the management conducted reviews on the recoverable amounts of property, plant and equipment. As a result, impairment loss of HK$22,490,000 (2021: reversal of impairment loss of HK$2,786,000) have been recognised in profit or loss to reduce (2021: increase) the carrying amounts of vines to their recoverable amounts.

16. RIGHT-OF-USE ASSETS

	2022 *HK$'000*	2021 *HK$'000*
Land and buildings	**348,635**	411,634
Machinery and equipment	**17,917**	12,757
Furniture, fixtures and other assets	**5,934**	6,478
	372,486	430,869

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 25 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 2022 totalled HK$40,806,000 (2021: HK$53,555,000).

During the year ended 31 December 2022, total cash outflow for leases of HK$96,050,000 (2021: HK$99,354,000) was included in net cash used in financing activities.

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

During the year ended 31 December 2022, the expenses relating to short-term leases and low value assets leases amounted to HK$4,882,000 (2021: HK$4,536,000) and HK$60,000 (2021: HK$59,000), 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 2022 and 2021, 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 2022, the Group has entered into a new lease for office that has not yet commenced, with a non-cancellable period of 1 year (2021: 1 year) excluding extension option, the total future undiscounted cash flows over the non-cancellable period amounted to approximately HK$709,000 (2021: HK$688,000).

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 2021	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**
Additions	**–**	**–**	**–**	**–**	**–**	**501**	**451**	**952**
Disposals/write-off	**–**	**–**	**–**	**–**	**–**	**(4,168)**	**(542)**	**(4,710)**
Exchange difference	**(12,296)**	**(8)**	**(51,328)**	**(7,778)**	**(10,994)**	**(18,874)**	**(1,590)**	**(102,868)**
As at 31 December 2022	**411,822**	**131**	**2,765,566**	**119,750**	**364,126**	**297,752**	**24,957**	**3,984,104**
Amortisation and impairment								
As at 1 January 2021	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**
Provided for the year	**–**	**–**	**–**	**–**	**697**	**–**	**2,469**	**3,166**
Eliminated upon disposals/ write-off	**–**	**–**	**–**	**–**	**–**	**–**	**(500)**	**(500)**
Reversal of impairment loss	**–**	**–**	**–**	**–**	**–**	**(19,495)**	**–**	**(19,495)**
Exchange difference	**(28)**	**(7)**	**–**	**–**	**(10,998)**	**(1,708)**	**(1,039)**	**(13,780)**
As at 31 December 2022	**451**	**109**	**–**	**–**	**364,126**	**7,777**	**16,861**	**389,324**
Carrying values								
As at 31 December 2022	**411,371**	**22**	**2,765,566**	**119,750**	**–**	**289,975**	**8,096**	**3,594,780**
As at 31 December 2021	423,639	23	2,816,894	127,528	693	291,313	10,707	3,670,797

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 2022 allocated to these segments are as follows:

	Goodwill		Brand name and trademarks	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Health	**2,464,673**	2,499,441	**59,176**	62,887
Agriculture-related	**300,893**	317,453	**60,574**	64,641
	2,765,566	2,816,894	**119,750**	127,528

During the year ended 31 December 2022, 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 10.0% to 12.0% (2021: 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 2022, the management conducted reviews on the recoverable amounts of water rights entitlements. As a result, reversal of impairment loss of HK$19,495,000 (2021: impairment loss of HK$13,058,000) has been recognised in profit or loss to increase (2021: reduce) the carrying amount of intangible assets to their recoverable amount.

Other intangible assets include computer software.

18. INTERESTS IN A JOINT VENTURE

	2022 **HK$'000**	2021 HK$'000
Cost of investment in a joint venture, unlisted	**5,420**	5,420
Share of post-acquisition results, net of dividends received	**3,030**	3,006
Exchange reserve	**(3,003)**	(2,633)
Aggregate carrying amount	**5,447**	5,793
Group's share of results and total comprehensive income of a joint venture for the year	**24**	1,205
Dividends received from a joint venture during the year	**–**	1,588

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

19. OTHER FINANCIAL ASSETS

	2022 **HK$'000**	2021 HK$'000
Financial assets at fair value through profit or loss:		
– Equity securities, listed in Hong Kong at quoted prices	**12,191**	11,669
– Unlisted investment (Note)	**42,900**	–
	55,091	11,669
Carrying amount analysed for reporting purpose as:		
Current	**12,191**	11,669
Non-current	**42,900**	–

Note: The balance represents the Group's investment in certain convertible preference shares in an unlisted company (the "Investee"), which is principally engaged in research, development and commercialisation of molecular diagnostics for the early detection of cancer. Under the terms of the preference shares, the holders have (i) liquidation preference to receive distribution in priority to the holders of ordinary shares in the event of liquidation; and (ii) the conversion right to convert the preference shares into ordinary shares of the Investee. Upon the conversion of all issued preference shares of the Investee held by the Group and other investors, the Group will hold approximately 18.33% of the total issued share capital of the Investee. Pursuant to the shareholders' agreement entered by the Group, the Group is entitled to appoint one director of the Investee and has tag-along rights in certain cases of share transfer. Details of the transaction were disclosed in the Company's announcement dated 25 July 2022.

Although the Group is considered to have significant influence over the Investee on the ground that the Group has power to appoint one out of five directors of the Investee, equity method is not applicable for the purpose of HKAS28 "Investments in Associates" as the rights and obligations of the ownership over the Investee are different from that of the ordinary shareholders. Accordingly, the investment in such preference shares is measured at FVTPL under HKFRS 9.

20. INVENTORIES

	2022 *HK$'000*	2021 *HK$'000*
Raw materials	**715,816**	652,453
Work in progress	**315,542**	357,551
Finished goods	**253,603**	243,869
	1,284,961	1,253,873

The cost of inventories recognised as an expense during the year was HK$3,649,604,000 (2021: HK$3,772,342,000).

21. RECEIVABLES AND PREPAYMENTS

	2022 *HK$'000*	2021 *HK$'000*
Trade receivables related to:		
– Sales of goods	**963,355**	848,104
– Operating leases	**5,088**	1,741
	968,443	849,845
Less: provision for impairment	**(26,004)**	(6,908)
	942,439	842,937
Prepayments and deposits	**142,569**	113,550
Other receivables	**45,379**	50,685
	1,130,387	1,007,172

As at 31 December 2022, 31 December 2021 and 1 January 2021, trade receivables from contracts with customers amounted to HK$937,351,000, HK$841,196,000 and HK$759,418,000 respectively.

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

21. RECEIVABLES AND PREPAYMENTS (CONT'D)

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

	2022	2021
	HK$'000	*HK$'000*
0–90 days	**821,674**	761,264
Over 90 days	**120,765**	81,673
	942,439	842,937

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:

	2022	2021
	HK$'000	*HK$'000*
As at 1 January	**6,908**	12,061
Impairment loss recognised	**20,443**	3,293
Amounts recovered during the year	**(36)**	(369)
Uncollectible amounts written off	**(1,045)**	(7,878)
Exchange difference	**(266)**	(199)
As at 31 December	**26,004**	6,908

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 0.69% (2021: 0.09%) per annum.

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

23. PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Trade payables	**412,029**	278,991
Accrued charges	**351,294**	347,190
Other payables	**115,572**	115,663
	878,895	741,844

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

	2022 HK$'000	2021 HK$'000
0–90 days	**392,456**	271,759
Over 90 days	**19,573**	7,232
	412,029	278,991

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$20,044,000, HK$32,254,000 and HK$38,560,000 relate to the advance consideration received from customers as at 31 December 2022, 31 December 2021 and 1 January 2021, respectively. 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$138,401,000 (2021: HK$130,554,000).

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

	2022 HK$'000	2021 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**32,254**	38,560

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

	2022 *HK$'000*	2021 *HK$'000*
Bank loans repayable		
Within 1 year	**3,056,496**	1,224,000
Over 1 year but within 2 years	**1,150,000**	3,262,893
Over 2 years but within 5 years	**1,224,000**	1,150,000
	5,430,496	5,636,893
Analysed as:		
Secured	**120,496**	326,893
Unsecured	**5,310,000**	5,310,000
	5,430,496	5,636,893
Carrying amount analysed for reporting purpose as:		
Current	**3,056,496**	1,224,000
Non-current	**2,374,000**	4,412,893

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

	2022 *HK$'000*	2021 *HK$'000*
Australian dollars	**120,496**	162,220
New Zealand dollars	**–**	164,673
Hong Kong dollars	**4,374,000**	4,374,000
United States dollars	**936,000**	936,000
	5,430,496	5,636,893

As at 31 December 2022, the bank loans are arranged at floating rates with an effective interest rate of 2.52% (2021: 1.25%) per annum.

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

25. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable		
Within 1 year	**69,418**	69,108
Over 1 year but within 2 years	**63,620**	65,293
Over 2 years but within 5 years	**149,339**	158,627
Over 5 years*	**233,292**	283,085
	515,669	576,113
Carrying amount analysed for reporting purpose as:		
Current	**69,418**	69,108
Non-current	**446,251**	507,005

* The balance includes lease payments with perpetuity lease term amounted to HK$101,426,000 (2021: HK$105,415,000).

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 2022, net additional lease liabilities with aggregate amounts of HK$3,526,000 (2021: HK$2,995,000) 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)	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Land and buildings	**361,722**	415,486	**595,384**	646,509
Machinery and equipment	**112**	311	**1,075**	1,032
	361,834	415,797	**596,459**	647,541

As at 31 December 2022 and 31 December 2021, land and buildings include lease liabilities related to certain lands leased for salt field operation.

26. 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 2021	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**
(Credit)/charge to profit or loss	**(20,267)**	**14,701**	**(25,820)**	**–**	**34,401**	**3,015**
Exchange difference	**(11,466)**	**(689)**	**1,424**	**(1,004)**	**(370)**	**(12,105)**
As at 31 December 2022	**196,613**	**406,414**	**(383,890)**	**16,034**	**(92,537)**	**142,634**

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:

	2022 ***HK$'000***	2021 *HK$'000*
Deferred tax liabilities	**220,444**	223,765
Deferred tax assets	**(77,810)**	(72,041)
	142,634	151,724

At the end of the reporting period, the total unutilised tax losses and tax credits amounted to approximately HK$4,806,459,000 (2021: HK$4,816,005,000). A deferred tax asset has been recognised in respect of such losses and credits of HK$1,730,334,000 (2021: HK$1,608,231,000). No deferred tax asset has been recognised in respect of the remaining HK$3,076,125,000 (2021: HK$3,207,774,000) 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.

26. DEFERRED TAXATION (CONT'D)

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

	2022 **HK$'000**	2021 HK$'000
Within 1 to 5 years	**–**	–
Over 5 years	**165,518**	416,991
No expiry date	**2,910,607**	2,790,783
	3,076,125	3,207,774

27. 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 10.5% on employees' salary.

The Group's cost in respect of defined contribution plans for the year was HK$50,433,000 (2021: HK$55,405,000) and forfeited contribution during the year of HK$483,000 (2021: HK$1,410,000) 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 2022 and 31 December 2021 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 7.2% to 7.22% (2021: 6.7% to 6.8%) and 10.0% (2021: 10.0%), respectively.

27. RETIREMENT PLANS (CONT'D)

Movements in net defined benefit obligations are as follows:

	2022 HK$'000	2021 HK$'000
The Group		
As at 1 January	**11,409**	10,214
Net (credit)/charge to the consolidated income statement		
Past service cost	**(809)**	–
Current service cost	**(1,364)**	1,917
	(2,173)	1,917
Net (credit)/charge to other comprehensive income		
Remeasurement (gain)/loss:		
Actuarial gain arising from change in financial assumption	**(175)**	(156)
Actuarial (gain)/loss arising from experience adjustment	**(9)**	487
	(184)	331
Benefits paid	**(182)**	(872)
Exchange difference	**(728)**	(181)
As at 31 December	**8,142**	11,409

The below analysis shows how the defined benefit obligations as at 31 December 2022 and 31 December 2021 would have increased/(decreased) as a result of 1 per cent change in the significant actuarial assumptions.

	Increase in 1%		Decrease in 1%	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Discount rate	**(559)**	(930)	**636**	1,084
Expected rate of salary increase	**580**	994	**(523)**	(876)

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.

28. 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 2021, 31 December 2021 and 31 December 2022	9,611,073	961,107

29. PLEDGE OF ASSETS

Bank borrowings of HK$120,496,000 (2021: HK$326,893,000) are secured by mortgages over the property, plant and equipment, investment properties and intangible assets of subsidiaries with an aggregate carrying value of HK$875,141,000 (2021: HK$1,141,974,000) as at 31 December 2022.

30. 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:

	2022 ***HK$'000***	2021 *HK$'000*
Within 1 year	**164,884**	170,160
Over 1 year but within 2 years	**137,113**	163,567
Over 2 years but within 3 years	**120,749**	132,868
Over 3 years but within 4 years	**108,668**	114,261
Over 4 years but within 5 years	**101,987**	104,318
Over 5 years	**528,639**	606,958
	1,162,040	1,292,132

31. 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:

	2022 HK$'000	2021 HK$'000
Capital commitment in respect of the acquisition of plant and equipment, and maintenance of vineyards		
– contracted but not provided for	**12,917**	39,131
– authorised but not contracted for	**72,432**	40,884

32. 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 HK$'000	Basic salaries and allowances HK$'000	Bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments 2022 HK$'000	Total emoluments 2021 HK$'000
Executive Directors:						
Victor T K Li	125	–	–	–	**125**	125
Kam Hing Lam	75	–	2,775	–	**2,850**	2,775
Ip Tak Chuen, Edmond	100	–	1,525	–	**1,625**	1,550
Yu Ying Choi, Alan Abel	75	10,635	2,607	1,043	**14,360**	13,925
Toh Kean Meng, Melvin	75	4,285	1,056	422	**5,838**	5,641
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*	67	–	–	–	**67**	100
Paul Joseph Tighe	205	–	–	–	**205**	205
Donald Jeffrey Roberts	188	–	–	–	**188**	180
	1,240	14,920	7,963	1,465	**25,588**	24,831

* Mr. Colin Stevens Russel had been retired as an Independent Non-executive Director of the Company with effect from 1 September 2022.

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

(a) Directors' emoluments (cont'd)

The Directors' fees included an amount of HK$75,000 (2021: HK$75,000) for each Director and an additional amount of HK$80,000 (2021: HK$80,000), HK$25,000 (2021: HK$25,000), HK$25,000 (2021: 25,000) and HK$25,000 (2021: HK$25,000) for members of the audit committee, remuneration committee, nomination committee and sustainability committee (collectively the "Board Committees") respectively. 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 years ended 31 December 2022 and 31 December 2021. 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 (2021: two) of them are Directors whose emoluments are disclosed in note (a) above. The emoluments of the remaining three (2021: three) are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Salary and other benefits	**12,566**	13,657
Bonus	**5,048**	4,308
Retirement benefits scheme contributions	**180**	589
	17,794	18,554

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

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

Their emoluments were within the following bands:

	2022 Number of employees	2021 Number of employees
HK$4,000,001 to HK$4,500,000	**1**	–
HK$5,000,001 to HK$5,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**–**	1
HK$7,500,001 to HK$8,000,000	**–**	1
HK$8,000,001 to HK$8,500,000	**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.

33. 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 bank borrowings less cash, bank balances and time deposits. As at 31 December 2022, the net debt to net total capital ratio of the Group is approximately 53.28% (2021: 51.33%).

33. 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 2022 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.

33. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(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.

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$'000* (note ii)	Total *HK$'000*
Year 2022				
Carrying amount	**527,601**	**5,430,496**	**515,669**	**6,473,766**
Total contractual undiscounted cash flow				
Within 1 year or on demand	**527,601**	**3,265,496**	**88,425**	**3,881,522**
Over 1 year but within 2 years	**–**	**1,262,070**	**80,738**	**1,342,808**
Over 2 years but within 5 years	**–**	**1,243,673**	**186,136**	**1,429,809**
Over 5 years	**–**	**–**	**177,744**	**177,744**
	527,601	**5,771,239**	**533,043**	**6,831,883**
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

33. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(b) Liquidity risk (cont'd)

Notes:

i. The undiscounted cash flow is projected based on the terms and balances as at 31 December 2022 and 31 December 2021 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.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK$937,478,000. The Group's current liabilities as at 31 December 2022 included bank borrowings of HK$3,056,496,000 that are repayable within one year from the end of the reporting period. As at 31 December 2022, the Group's unutilised banking facilities amounted to approximately HK$558,331,000. Subsequent to the end of the reporting period, refinancing arrangements for bank borrowings amounting to HK$936,000,000 were agreed with the relevant banks and under the final stage for the execution of loan documents. The Directors are confident that the remaining bank borrowings can be renewed/refinanced based on the Group's healthy financial position and strength of its business prospects.

Taking into account of the internally generated funds of the Group, the available banking facilities and the factors described above, the Directors of the Company are of the opinion that, the Group has sufficient working capital for its present requirements for the next twelve months from 31 December 2022.

(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.

33. RISK MANAGEMENT (CONT'D)

Financial Risk Management (cont'd)

(c) Interest rate risks (cont'd)

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 has been undertaken globally to replace 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 2022, its USD LIBOR and HIBOR will continue to maturity.

As at 31 December 2022, 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$27,152,000 (2021: HK$28,184,000) 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$5,430,496,000 as at 31 December 2022 (2021: HK$5,636,893,000) without considering the increases/decreases of the borrowings during the year.

(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 listed 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$610,000 (2021: HK$583,000) 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.

34. 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 2022				
Financial assets at fair value through profit or loss				
Equity securities – listed in Hong Kong	**12,191**	**–**	**–**	**12,191**
Unlisted investment	**–**	**–**	**42,900**	**42,900**
	12,191	**–**	**42,900**	**55,091**
Year 2021				
Financial assets at fair value through profit or loss				
Equity securities – listed in Hong Kong	11,669	–	–	11,669

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Information about Level 3 fair value measurements

As at 31 December 2022, the Group's unlisted investment was measured at fair value, which was determined using the latest transaction price and taking into account the change in the status since the date of investment to the reporting date.

(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 2022				
Investment properties	**–**	**–**	**1,817,665**	**1,817,665**
Property, plant and equipment				
Salt fields	**–**	**–**	**487,937**	**487,937**
Year 2021				
Investment properties	–	–	2,047,858	2,047,858
Property, plant and equipment				
Salt fields	–	–	516,446	516,446

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

34. 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 2022 and 31 December 2021 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 6.00% to 8.00% (2021: 5.85% to 8.50%); 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$3,731 to HK$94,080 (2021: HK$4,060 to HK$96,130).	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 10.5% to 13.0% (2021: 9.1% to 12.0%); 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.

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.

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

35. 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**2,177,681**	2,278,643	**3,097,090**	3,122,293	**819**	1,376	**5,275,590**	5,402,312
Segment results	**335,999**	337,466	**262,272**	235,837	**–**	–	**598,271**	573,303
Unallocated other income, gains or losses							**(7,793)**	(4,227)
Research and development expenditure							**(158,535)**	(157,269)
Corporate expenses							**(63,987)**	(75,745)
Finance costs							**(163,092)**	(97,823)
Profit before taxation							**204,864**	238,239
Taxation							**(72,912)**	(75,438)
Profit for the year							**131,952**	162,801
Other information								
Interest income	**2,030**	615	**245**	698	**3,500**	112	**5,775**	1,425
Amortisation of intangible assets	**(2,033)**	(6,452)	**(1,133)**	(1,138)	**–**	–	**(3,166)**	(7,590)
Depreciation	**(119,440)**	(133,187)	**(96,566)**	(96,643)	**(11,742)**	(9,464)	**(227,748)**	(239,294)
Net impairment of trade receivables	**(287)**	(540)	**(20,120)**	(2,384)	**–**	–	**(20,407)**	(2,924)
Net gain on disposal of investment properties	**27,526**	–	**–**	–	**–**	–	**27,526**	–
Gain on disposal of intangible assets	**23,685**	–	**–**	–	**–**	–	**23,685**	–
Net (loss)/gain on disposal of property, plant and equipment	**(81)**	126	**390**	(875)	**(9)**	(15)	**300**	(764)
Net unrealised gain on fair value changes of investment properties	**46,717**	71,406	**–**	–	**–**	–	**46,717**	71,406
Net (impairment)/reversal of impairment of property, plant and equipment	**(22,490)**	2,786	**–**	–	**–**	–	**(22,490)**	2,786
Reversal of impairment/ (impairment) of intangible assets	**19,495**	(13,058)	**–**	–	**–**	–	**19,495**	(13,058)

35. 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)	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia Pacific	**3,047,557**	3,131,163	**4,873,044**	5,271,695
North America	**2,227,214**	2,269,773	**3,148,011**	3,218,132
	5,274,771	5,400,936	**8,021,055**	8,489,827

Notes :

i. Revenue excluding investment income generated from financial instruments.

ii. Non-current assets excluding deferred tax assets and other financial 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 and other financial assets) which are located in countries other than those in which the Group companies are domiciled.

36. 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 2021	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**
Financing cash flow	**(183,007)**	**(140,172)**	**(96,050)**	**–**	**(96,111)**	**(515,340)**
Finance cost recognised	**–**	**140,194**	**22,898**	**–**	**–**	**163,092**
Dividend recognised as distribution	**–**	**–**	**–**	**–**	**96,111**	**96,111**
New leases entered and reassessment of lease liabilities	**–**	**–**	**29,510**	**–**	**–**	**29,510**
Foreign exchange movement	**(23,390)**	**(39)**	**(16,802)**	**–**	**–**	**(40,231)**
At 31 December 2022	**5,430,496**	**462**	**515,669**	**–**	**–**	**5,946,627**

37. 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$35,755,000 (2021: HK$38,457,000) to CK Hutchison Holdings Limited, a substantial shareholder of the Company, and its subsidiaries.

(ii) The Group made sales of HK$3,447,000 (2021: HK$5,515,000) to a joint venture of Cheetham Salt Limited, a wholly-owned subsidiary of the Company during the year.

Except for the above transaction with CK Hutchison Holdings Limited and its subsidiaries, 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.

38. 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:

	2022	2021
	HK$'000	*HK$'000*
Non-current asset		
Investments in subsidiaries	**2,523,843**	2,677,554
Current assets		
Receivables and prepayments	**1,966**	1,870
Amounts due from subsidiaries	**2,642,329**	2,642,329
Bank balances and deposits	**70**	74
	2,644,365	2,644,273
Current liabilities		
Payables and accruals	**(1,726)**	(837)
Amounts due to subsidiaries	**(1,566,352)**	(1,437,162)
	(1,568,078)	(1,437,999)
Net current assets	**1,076,287**	1,206,274
Net assets	**3,600,130**	3,883,828
Share capital and reserves		
Share capital *(Note 28)*	**961,107**	961,107
Share premium and reserves	**2,639,023**	2,922,721
Total equity	**3,600,130**	3,883,828

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

The movements in share premium and reserves are as follows:

	2022 *HK$'000*	2021 *HK$'000*
As at 1 January	**2,922,721**	3,050,663
Results for the year	**(187,587)**	(31,831)
Dividends paid to the shareholders	**(96,111)**	(96,111)
As at 31 December	**2,639,023**	2,922,721

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 58 to 128 were approved and authorised for issue by the Board of Directors on 14 March 2023.

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 2022	2021	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
Cheetham Salt Limited	Australia	A$150,405,540	**100**	100	Production, refining and distribution of salt products

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2022	2021	Principal activities
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
Joris Investments Limited*	British Virgin Islands	US$1	**100**	–	Investment in financial instruments
Jovial Dynasty 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 2022	2021	Principal activities
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
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$200	**100**	100	Supplier of raw materials in nutritional health, pharmaceutical, cosmetics, personal care and food segments
Polynoma LLC$^{\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

APPENDIX I (CONT'D)

Name	Place of incorporation	Issued ordinary share capital	Effective percentage held by the Company indirectly 2022	2021	Principal activities
Renascence Therapeutics Limited	Hong Kong	HK$100	**71**	71	Provision of services in the research and development of bio-technology and life sciences technology products
Santé Naturelle A.G. 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**	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^Δ	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.

Δ Polynoma LLC and Vitaquest International Holdings LLC did not have any issued or registered capital. However, the Company held 100% (2021: 100%) and 100% (2021: 100%) interest in their common voting rights respectively.

APPENDIX II

Name	Effective percentage of capital held by the Company indirectly 2022	2021	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
Chalice Vineyard	Rosa Glen, Western Australia	Vineyard	Freehold
Dalmeny Vineyard	Padthaway, South Australia	Vineyard	Freehold
Gale Road Vineyard	Gale Road, Western Australia	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
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
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") throughout the year ended 31 December 2022.

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

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**CORPORATE PURPOSE, STRATEGY AND GOVERNANCE**		
A.1	**Corporate strategy, business model and culture** ***Corporate Governance Principle*** *The Company should be headed by an effective Board which should assume responsibility for leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the Company.*		
A.1.1	The board should establish the company's purpose, values and strategy, and satisfy itself that these and the culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.	C	• The Company's purpose, value, strategy and culture are set out in Long Term Development Strategy in the Annual Report 2022.
A.1.2	The directors should include 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 a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2022.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2	**Corporate Governance Functions** ***Corporate Governance Principle*** *The Board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.*		
A.2.1	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 Board has delegated the responsibility of performing the corporate governance duties to the audit committee ("Audit Committee"). • The terms of reference of the Audit Committee 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 the Corporate Governance Report. • The Audit Committee met in March 2023 and was satisfied that the above-mentioned corporate governance functions were adhered to. 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 ("Model Code"); 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.

<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.2.1
(cont'd)</td><td></td><td></td><td>• In March 2023, members of the Audit Committee recommended certain improvements to the Board on the below policies:

(i) Shareholders Communication Policy; and

(ii) Whistleblowing Policy – Procedures for Reporting Possible Improprieties.

• In particular, the Audit Committee noted that the Company has established and from time to time updated the Whistleblowing Policy – Procedures for Reporting Possible Improprieties and a 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.</td></tr>
<tr><td>B.</td><td colspan="3">BOARD COMPOSITION AND NOMINATION</td></tr>
<tr><td>B.1</td><td colspan="3">Board composition, succession and evaluation
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 ensure that the directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities. It should include a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient caliber and number for their views to carry weight.</td></tr>
<tr><td>B.1.1</td><td>Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.</td><td>C</td><td>• As of the date of this Annual Report, the Board consists of a total of ten Directors, including five Executive Directors, one Non-executive Director and four Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them possess appropriate professional qualifications, or accounting or related financial management expertise. Independent Non-executive Directors have been identified in all corporate communications that disclose the names of directors.

• During the year under review, all Independent Non-executive Directors in office attended to the affairs of the Group through their participation at the annual general meeting, Board and Board Committees meetings and the perusal of Board papers. The Audit Committee, the nomination committee ("Nomination Committee") and the remuneration committee ("Remuneration Committee"), are chaired by Independent Non-executive Directors. The Audit Committee comprises Independent Non-executive Directors only. Independent Non-executive Directors comprise a majority of each of the Nomination Committee and the Remuneration Committee.

• The Company maintains the view that a Director's independence is a question of fact and this is formally recognised in the 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. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors.

• Details of the composition of the Board are set out on page 182.

• The Directors' biographical information and the relationships among the Directors are set out on pages 32 to 35.

• The Board, through the Nomination Committee, reviews the composition of the Board at least annually to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.2	The company should maintain on its website and on HKEX's website an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.	C	• The Company maintains an updated list of its Directors setting out their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. This list is updated from time to time and published on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"). The Terms of Reference of the Company's Board Committees have also been published on the websites of the Company and/or HKEX to enable shareholders to understand the role of the Independent Non-executive Directors who serve on the relevant Board Committees.
B.1.3	The board should review the implementation and effectiveness of the company's policy on board diversity on an annual basis.	C	• The Company's Board Diversity Policy as amended from time to time, is available on the Company's website. • According to 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, through and by the Nomination Committee, from time to time (and at least once annually) reviews the Board Diversity Policy, and monitors its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices. The Nomination Committee shall make recommendations for any necessary revision to the Board for approval.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.3 (cont'd)			• The Company values gender diversity. As of 31 December 2022: 1. *At Board level:* The Board currently consists of one female director, representing 10% of the Board. The Board is of the view that gender should not be the only factor in selecting a candidate for the Board. The Company would follow the Board Diversity Policy to take into account various factors in identifying suitable candidates for appointment to the Board, and may adjust the proportion of female Board members over time as appropriate. 2. *At employee level:* the ratio of female to male in the workforce of the Group (including subsidiaries) was 34:66. The ratio is heavily skewed towards male in manufacturing units of the Group as industrial production processes require a lot of heavy manual work. The Group embraces diversity and endeavors to build a supportive and inclusive corporate culture, where there is no discrimination in any form of gender, age, sexual orientation, nationality, family status, race, or religion. This non-discrimination policy continues throughout an employee's career and applies to all employee relations matters including placement, transfer, promotion and compensation. The importance of diversity is emphasized through anti-discrimination and equal opportunity training for our employees ensuring the principles of equal employment opportunity and diversity are embedded throughout business activities. Employees are encouraged to report any instances of discrimination occurring in the workplace.
B.1.4	– The company should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its CG Report. – The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.	C	• The Company maintains the following mechanisms which are reviewed annually to ensure independent views and input are available to the Board: 1. *Board and Board Committees' Composition* As disclosed in B.1.1 above, the current composition of the Board (comprising 40% of Independent Non-executive Directors) and the Audit Committee (comprising only Independent Non-executive Directors) exceed the independence threshold under the Listing Rules. Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority. The Audit Committee, the Nomination Committee and the Remuneration Committee, are chaired by Independent Non-executive Directors. The Audit Committee comprises Independent Non-executive Directors only. Independent Non-executive Directors comprise a majority of each of the Nomination Committee and the Remuneration Committee. The Sustainability Committee is comprised of three members including an Independent Non-executive Director. During the year, the Audit Committee held two private sessions with the external auditor and internal auditor respectively without the presence of management. The Company's Director Nomination Policy sets out the approach and procedures for the nomination and selection, and appointment/re-appointment of Directors (including Independent Non-executive Directors). The composition of the Board and Board Committees is regularly reviewed by the Nomination Committee to ensure that they have a balance of skill set, experience and diversity of perspective appropriate for the strategies of the Company. The Board has conducted an evaluation of its performance for the year 2022, including the aspects contributing to the effective implementation of the mechanism discussed hereto.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.4 (cont'd)			2. *Assessment of the Independence of Independent Non-executive Directors* All Independent Non-executive Directors are required to provide the Company with an annual written confirmation confirming the independence of each of them and compliance with the requirements set out in the Listing Rules. Independence of each Independent Non-executive Directors is assessed by the Nomination Committee upon appointment and annually on the basis of, among other things, the independence confirmations signed by all Independent Non-executive Directors. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change of any of the matters set out in the annual confirmation of independence or circumstances which may affect his/her independence. 3. *Remuneration of Independent Non-executive Directors* The Remuneration Committee reviews the remuneration of Independent Non-executive Directors and make recommendation to the Board. No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee. Independent Non-executive Directors received fixed fee(s) for their role as members of the Board and Board Committee(s), such fee(s) are not based on performance of the Group. 4. *Meeting between the Chairman and the Independent Non-executive Directors* The Chairman meets with Independent Non-executive Directors twice a year (without the presence of other Directors) which provides an effective channel for Independent Non-executive Directors to raise concerns and issues with respect to the Company or its business, such as corporate governance enhancement, effectiveness of the Board and any other matters they may wish to discuss. 5. *Provision of Information and Professional Advice* All Directors (including Independent Non-executive Directors) and Board Committees may seek any information they require from key personnel of the Company and to have access to advice from the Company Secretary and/or independent professional advice at the expense of the Company if the Director considers such advice necessary for discharge of their duties. 6. *Directors' Training and Commitment* Newly appointed Directors receive an induction package explaining the duties and responsibilities of Directors. The Company provides, at the cost of the Company, Directors' training sessions on topics relating to Directors' roles, functions and duties. Please refer to C.1.4 for further details. • The Board reviews the above mechanisms from time to time (at least annually) and monitors its implementation to ensure their continued effectiveness and compliance with regulatory requirements.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.2	**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.*		
B.2.1	Directors should ensure that they can give sufficient time and attention to the company's affairs and should not accept the appointment if they cannot do so.	C	• There is satisfactory attendance at Board meetings during the year. Please refer to C.5.1 below for the attendance records. • Executive Directors have hands-on knowledge and expertise in the areas and operations in which they are in charge 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 their area of knowledge and expertise, and their global perspective.
B.2.2	Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C	• Under the CG Code, 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 Company has published on its website the procedures for shareholders to propose a person for election as a Director.
B.2.3	– If an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and 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.	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. • In accordance with the Company's Articles of Association and following the review of the composition of Board by the Nomination Committee of the Company, retiring Directors have been proposed to the Board for recommendation to Shareholders for re-election at the annual general meeting. Members of the Nomination Committee abstained from voting on the resolutions of the Nomination Committee to consider his/her own nomination. • Each Independent Non-executive Director standing for re-election at the annual general meeting ("Retiring INED") will provide a confirmation of their independence in accordance with Rule 3.13 of the Listing Rules. During the years of their appointment, they have demonstrated their ability to express an independent opinion on the affairs of the Company. • The Nomination Committee has considered the respective contributions of the Retiring INEDs to the Board and their commitment to their roles. The Nomination Committee has satisfied itself that each of the Retiring INEDs has the requisite integrity, competence and experience to continue fulfilling the role of an Independent Non-executive Director. Based on the biographical information disclosed to the Company, none of the Retiring INEDs holds 7 or more directorship of listed companies. The Board has satisfied itself as to the independence of the Retiring INEDs in light of the criteria set out in Rule 3.13 of the Listing Rules and in accordance with the terms of the guidelines. During their tenure as an Independent Non-executive Director, none of the Retiring INEDs was involved in the day-to-day management of the Company nor was financially dependent on the Company which would materially impair their independent judgement. There is no evidence that their tenure has compromised their continued independence. Taking into account all of the circumstances described in this section, each of the Retiring INEDs was considered to be independent and nominated to be so appointed accordingly.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.2.3 (cont'd)			• Notwithstanding that one out of four Independent Non-executive Directors has served the Board for more than nine years, such director has consistently brought fresh perspectives, skills and knowledge acquired through her other directorships and offices. Her wealth of skills, knowledge and experience has enabled her to contribute meaningfully and objectively to the Board as an Independent Non-executive Director and her independence from management has not been considered impaired by her years of service. • 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 contributions to the Company with their comprehensive 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. • The nomination of the retiring Directors was in accordance with the Director Nomination Policy of the Company. Having considered the background and experience of the retiring Directors (including Retiring INED), the Nomination Committee is of the view that the retiring Directors are able to continue to fulfill their roles as required and are appropriate to stand for re-election and their re-appointment would enhance the Board's diversity and performance, and thus accordingly recommend them for re-election at the annual general meeting. • The Board, having considered the recommendation of the Nomination Committee, is of the view that the diverse and invaluable knowledge, skill sets and experience of each of the retiring Directors in the businesses of the Group and their general business acumen continue to generate significant contribution to the Company and the Shareholders as a whole. The Board accepted the nomination by the Nomination Committee and recommended the retiring Directors to stand for re-election by the Shareholders at the annual general meeting. The Board considers that the re-election of the retiring Directors as Directors is in the best interest of the Company and the Shareholders as a whole. The retiring Directors abstained from the discussion and voting at the Board meeting regarding their respective nominations.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.2.4	Where all the independent non-executive directors of the company have served more than nine years on the board, the company should: – disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and – appoint a new independent non-executive director on the board at the forthcoming annual general meeting*. * The appointment of a new independent non-executive director requirement comes into effect for the financial year commencing on or after 1 January 2023.	C	• The Board recognises the importance of Board refreshment, which brings in new perspectives and ideas to the Board and the Group. The Nomination Committee is responsible for regularly reviewing the composition of the Board and succession planning for Directors. The Nomination Committee makes recommendations on changes to the Board, taking the Group's corporate strategy and shareholders' value into account. • As stated in B.2.3 above, currently only one Independent Non-executive Director has served the Board more than nine years. • If and when all the Independent Non-executive Directors have served on the Board for more than nine years, a circular containing the required information on the existing Independent Non-executive Directors will be sent to shareholders together with the notice of the annual general meeting, and a new Independent Non-executive Director will be appointed to the Board at the forthcoming annual general meeting as required by the CG Code and the Listing Rules.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply (“C”)/
Explain (“E”)</th><th>Corporate Governance Practices</th></tr>
<tr><td>B.3</td><td colspan="3">Nomination Committee
Corporate Governance Principle
In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the principles under Sections B.1 and B.2 in the CG Code.</td></tr>
<tr><td>B.3.1</td><td>– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.

– 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.</td><td>C

C</td><td>• The Company established its Nomination Committee on 1 January 2019 which 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.

• The terms of reference of the Nomination Committee follow closely the requirements of the CG Code. Nomination Committee meeting was held in March 2022. Attendance record of the members of the Nomination Committee in 2022 is as follows:

<table><tr><th>Members of the Nomination Committee</th><th>Attendance</th></tr><tr><td>Paul Joseph TIGHE (Chairman)</td><td>1/1</td></tr><tr><td>Victor T K LI</td><td>1/1</td></tr><tr><td>Donald Jeffrey ROBERTS</td><td>1/1</td></tr></table>
• 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 2022:

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 identifying 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;

4. Make recommendation to the Board on the re-election of Directors at the 2022 annual general meeting; and

5. Review the Director Nomination Policy and the Board Diversity Policy and make recommendations on any proposed revision to the Board, where applicable.

• Please refer to B.1.3 above for details of the Board Diversity Policy.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.3.1 (Cont'd)			• The Company's Director Nomination Policy sets out the approach and procedures the Board adopts for the nomination and selection of Directors, including the appointment of additional Directors, replacement of 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, 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. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if 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 Association of the Company and applicable laws and regulations. The procedures for such proposal are available on the website of the Company. • The Director Nomination Policy is available 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.
B.3.2	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 available 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
B.3.3	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.
B.3.4	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 B.2.3 above for the details.
	1. the process used for identifying the individual and why it 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>C.</td><td colspan="3">DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS</td></tr>
<tr><td>C.1</td><td colspan="3">Responsibilities of Directors
Corporate Governance Principle
Every Director must always know their responsibilities as a Director of the Company and its conduct, business activities and development.</td></tr>
<tr><td>C.1.1</td><td>Newly appointed directors of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently they should receive any briefing and professional development necessary to ensure that they have a proper understanding of the company's operations and business and are fully aware of their 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 their appointments 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 external legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to newly appointed Directors. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to Directors from time to time for their information and ready reference. Guidelines for directors have also been forwarded to the Directors for their 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>C.1.2</td><td>The functions of non-executive directors include:

– participating in board meetings to bring independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings;

– taking the lead on potential conflicts of interests;

– serving on the audit, remuneration, nomination and other governance committees, if invited; and

– scrutinising 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 of the Company.
The table below provides membership information of these committees on which the Independent Non-executive Directors serve during the year ended 31 December 2022:

<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[1]</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>M[2]</td><td>M</td><td>–</td></tr>
</table>
Notes:
C Chairman/Chairperson of the relevant Board Committees
M Member of the relevant Board Committees
1 Mr. Colin Stevens RUSSEL retired as an Independent Non-executive Director and ceased to be a member of the Remuneration Committee with effect from 1 September 2022
2 Mr. Donald Jeffrey ROBERTS was appointed as a member of the Remuneration Committee with effect from 1 September 2022
</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.3	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	• The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions 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 reviewed and revised 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 2022. • 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. • The Company has a policy on handling of confidential information, information disclosure, and securities dealing for all employees of the Group to comply with when they are in possession of confidential information, or unpublished inside information or disclosable information in relation to the Group. Such policy has been revised from time to time to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance or for other applicable laws, rules and regulations and the most updated version of such policy is available on the Company's intranet and disseminated to all employees of the Company.
C.1.4	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 external legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to newly appointed Directors. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to Directors from time to time for their information and ready reference. Guidelines for directors have also been forwarded to Directors for their 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 2022. • 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

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.4 (cont'd)			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. • Record of the Directors' training during 2022 is as follows: **Members of the Board** — **Training received** **Executive Directors** Victor T K LI *(Chairman)* — (1) & (3) KAM Hing Lam *(President)* — (1) & (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) KWAN Kai Cheong — (1), (2) & (3) Paul Joseph TIGHE — (1), (2) & (3) Donald Jeffrey ROBERTS — (1) & (2)
C.1.5	Directors should disclose to the company at the time of their appointments, and in a timely manner for any changes, 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 appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.
C.1.6	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 Committees meetings, the meetings between the Chairman and the Independent Non-executive Directors and the annual general meeting during the year. Please refer to B.3.1, C.2.2, C.5.1, D.3.3, E.1.2 and F.2.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.7	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 C.1.6 above.
C.1.8	Arrange appropriate insurance cover in respect of legal action against the directors.	C	• The Company has arranged and maintained appropriate and adequate Directors and Officers liability insurance coverage for its Directors and officers since its listing on the Stock Exchange.
C.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.*		
C.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.
C.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 2022. Attendance record in 2022 is as follows: **Chairman** — **Attendance** Victor T K LI — 2/2 **Independent Non-executive Directors** KWOK Eva Lee — 2/2 Colin Stevens RUSSEL* — 1/1 KWAN Kai Cheong — 2/2 Paul Joseph TIGHE — 2/2 Donald Jeffrey ROBERTS — 2/2 * Retired as an Independent Non-executive Director with effect from 1 September 2022.
C.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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.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. The chairman 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 the management. • The Board meets regularly and held meetings in March, May, August and November of 2022. • 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.
C.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	• The Chairman leads the Board in fostering the Group's corporate culture in alignment with the purpose, values and strategy set by the Board, to reinforce the Group's vision and pursuit of success. • The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
C.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 C.2.3 and C.2.4 above for the details.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.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 full Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2022. Please refer to C.2.2 above for the attendance records.
C.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	• To facilitate effective and systematic communication with shareholders, the Company has a Shareholders Communication Policy, a copy of which is available on the Company's website. This policy is subject to regular review to ensure its implementation and effectiveness. • The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels, include (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 the Company Secretary, the authorised officers 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. • Having reviewed the implementation of the multiple channels of communication in place, the Board, through and by the Audit Committee, considers that the implementation of the Company's shareholders communication policy was effective during the year ended 31 December 2022.
C.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
C.3	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
C.3.1	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 business units and functional divisions in accordance with their respective areas of expertise. • The management of the Company reports acquisitions of or investments in business or projects, and other matters as considered appropriate, back to the Board, and obtains the Board's prior approval before making decisions or entering into any commitments on behalf of the Company. Where appropriate, disclosure is made and/or circulars are issued to obtain shareholders' approval in accordance with the requirements of the applicable rules and regulations. • Please refer to the Management Structure Chart set out on page 173. • 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, a circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
C.3.2	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	• Accountable to the shareholders under the leadership of the Chairman, the Board leads, directs and supervises the Company's affairs to enable the long term success of the Company. • The Board 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. • The Board evaluates the Group's operating, financial and sustainability performance and oversees the executive management of the Company with the support of various standing committees, and ensures the Company maintains effective communication with shareholders and appropriate engagement with other key stakeholders. • Under the leadership of the Chief Executive Officer, management is responsible for the day-to-day operations of the Group.
C.3.3	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	• Formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment.

<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.4</td><td colspan="3">Board Committees
Corporate Governance Principle
Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</td></tr>
<tr><td>C.4.1</td><td>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.</td><td>C</td><td>

Five Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and executive committee (“Executive Committee”), have been established with specific terms of reference.
The Company established its Sustainability Committee on 1 December 2020.
The Sustainability Committee is chaired by an Executive Director, Mr. Ip Tak Chuen, Edmond and is comprised one Independent Non-executive Director, Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung, as members.
The terms of reference of the Sustainability Committee are available on the websites of the Company and HKEX.
The Sustainability Committee, with delegated responsibility, oversee management and advise the Board of Directors on the development and implementation of the sustainability initiatives of the Group, including reviewing the related environment, social and governance (“ESG”) policies and practices, and assessing and making recommendations on matters concerning the Group’s sustainability development and ESG risks.
Sustainability Committee meetings were held in March and November of 2022. Attendance records of the members of the Sustainability Committee in 2022 are as follows:
<table>
<tr><th>Members of the Sustainability Committee</th><th>Attendance</th></tr>
<tr><td>IP Tak Chuen, Edmond (Chairman)</td><td>2/2</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>2/2</td></tr>
<tr><td>Eirene YEUNG</td><td>2/2</td></tr>
</table>

The following is a summary of the work of the Sustainability Committee during 2022:

review the Group’s sustainability objectives, strategies, priorities, goals, targets, management approach and work progress and highlights for the year of 2021, with the assistance of the external professional consultant;
review the Company’s standalone sustainability report for the year of 2021, prepared with the assistance of the external professional consultant;
consider adoption of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and other initiatives with a view to enhancing the Company’s sustainability disclosures and ability to identify and address sustainability-related issues;
review the Company’s sustainability policies and practices;
consider the plan and preparatory work for the sustainability report for the year of 2022;
review the progress of Group’s ESG targets; and
consider an introductory overview of the exposure drafts of the International Sustainability Standards released by the International Sustainability Standards Board (ISSB) in March 2022.

At the meeting of the Sustainability Committee held in March 2023, the Sustainability Committee reviewed the sustainability report for the year 2022 and adopted revisions of the following sustainability policies of the Company, among other agenda items: (a) Environmental Policy; (b) Human Rights Policy; and (c) Supplier Code of Conduct.
The Company established its Executive Committee on 26 February 2021, which comprises the Chairman of the Board (Chairman of the Executive Committee), four Executive Directors and two key personnel of the Company. The Executive Committee meets regularly to discuss and make decisions on matters relating to the management and operations of the Company, and to assess and make recommendations to the Board on acquisitions of or investments in business or projects.

</td></tr>
</table>

<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.4.2</td><td>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).</td><td>C</td><td>• Board Committees report to the Board of their decisions and recommendations at the Board meetings.</td></tr>
<tr><td>C.5</td><td colspan="3">Conduct of board proceedings and supply of and access to information
Corporate Governance Principle
The Company should ensure directors can participate in board proceedings in a meaningful and effective manner. 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.</td></tr>
<tr><td>C.5.1</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 a majority of directors.</td><td>C</td><td>• The Board meets regularly and held meetings in March, May, August and November of 2022.
• Directors' attendance record in 2022 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>3/3</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>
* Retired as an Independent Non-executive Director with effect from 1 September 2022.
• The Directors have the options to attend Board meetings in person, by phone or through means of electronic communication or by their respective 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 HKEX. There were no significant changes in the Company's constitutional documents during the year 2022.</td></tr>
<tr><td>C.5.2</td><td>All directors are given an opportunity to include matters in the agenda for regular board meetings.</td><td>C</td><td>• 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.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.5.3	– 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. • The Directors are given as much prior notice as is reasonable and practical under the circumstances of ad hoc Board meetings in addition to regular Board meetings.
C.5.4	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 and the authorised officers prepare written resolutions or minutes and keep records of substantive matters discussed and decisions resolved at all Board and Board Committees meetings. • Board and Board Committees minutes are sent to all Directors/Board Committees members within a reasonable time after each Board and Board Committees meeting. • Board and Board Committees minutes/resolutions are available for inspection by Directors/Board Committees members.
C.5.5	– 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 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.
C.5.6	– 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
C.5.7	–	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.	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, on 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.
	–	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.5.8	–	Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting.	C	• Board/Board Committees papers are circulated not less than three days before the regular Board/Board Committees meetings to enable the Directors/Board Committees members to make informed decisions on matters to be raised at the Board/Board Committees meetings.
	–	As far as practicable for other board or board committee meetings.	C	
C.5.9	–	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.	C	• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance and accounting and tax related 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 business 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.
	–	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.5.10	–	All directors are entitled to have access to board papers and related materials.	C	• Please refer to C.5.8 and C.5.9 above.
	–	Queries raised by directors should receive a prompt and full response, if possible.	C	

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.6	**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.*		
C.6.1	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 the 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 2022. • The Company Secretary and the authorised officers prepare written resolutions and minutes as appropriate and keep records of substantive matters discussed and decisions resolved at all Board and Board Committees 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.
C.6.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary are subject to Board approval in accordance with the Articles of Association of the Company.
C.6.3	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.
C.6.4	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 the authorised officers 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 webcasts of the Stock Exchange on corporate governance) are relayed, and directors' trainings 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.
D.	**AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT**		
D.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
D.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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.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 are provided to all members of the Board, 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.
D.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 o n 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 D.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 done in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 52 to 57.
D.1.4	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 the authorised officers together with the Accounting Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2	**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. Such risks would include, amongst others, material risks relating to Environment, Social and Governance ("ESG"). 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.*		
D.2.1	The board should oversee the group'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 its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	C	• 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 the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.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 as well as those relating to the company's ESG performance and reporting.	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 as well as those relating to the company's ESG performance and reporting at the Board meeting held in March 2023 and noted that the Company has been in compliance with the Code Provision for the year 2022. Please also refer to D.3.3 below.
D.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: – the changes in the significant risks (including ESG 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 (including ESG 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 Exchange Listing Rules compliance.
	1. the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the company's ability to respond to changes in its business and the external environment;	C	
	2. the scope and quality of management's ongoing monitoring of risks (including ESG 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 Exchange Listing Rule compliance.	C	

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, the company should disclose: 1. the process used to identify, evaluate and manage significant risks; 2. the main features of the risk management and internal control systems; 3. an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their 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 C 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 Organisations 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. • 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. • 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.4 (cont'd)	4. the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and 5. the procedures and internal controls for the handling and dissemination of inside information.	C 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 identify 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 reassessed by Senior Management through regular management meetings, 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 regard to the internal control systems of the Group, Management of key operating business units conducts 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. • 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 Future Commission in June 2012; – has implemented policies and procedures which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated them 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.
D.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 D.2.1 above for details.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2.6	The company 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 and anonymity, with the audit committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the company.	C	• The terms of reference of the Audit Committee 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 (e.g. customers and suppliers) to raise concerns, in confidence, and anonymity, 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 available 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).
D.2.7	The company should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.	C	• The Group adopts a "zero tolerance" approach to bribery, corruption and fraud of any kind. • The Company has established Anti-Fraud and Anti-Bribery Policy and Employee Code of Conduct to set out the minimum standards of ethical conduct to which all employees are required to adhere. The Anti-Fraud and Anti-Bribery Policy and Employee Code of Conduct are available on the Company's website. • The Company has issued a Human Resources Manual to its staff, which contains the mechanism for employees to consult with their department heads and the Human Resources & Administration Department should the employees receive or be offered any commission, rebate, discount, gratuity or any other form of benefit. • Anti-corruption training is provided to ensure the Company's expectations are effectively communicated to all levels of staff.
D.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.*		
D.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 of the Audit Committee meetings are kept by the Company Secretary. Draft minutes of the meetings of the Audit Committee are circulated to members within a reasonable time after each meeting for their review and comments and the signed minutes are shared with the members for reference.

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices
D.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 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 the 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.
D.3.3	The audit committee’s terms of reference should include at least: – make 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.	C	• 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 2022. Attendance records of the members of the Audit Committee in 2022 are as follows: **Members of the Audit Committee** — **Attendance** KWAN Kai Cheong *(Chairman)* — 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 2022: 1. Review the financial reports for 2021 annual results and 2022 interim results, and unaudited financial results for the 1st quarter and the 3rd quarter 2022; 2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments and updates on remedial actions, as appropriate; 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 and the Internal Audit Department; 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. Review the corporate governance policies. • 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 14 March 2023 that the risk management and internal control system was adequate and effective.

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices
D.3.3 (cont’d)			• On 14 March 2023, the Audit Committee met to review the Group’s 2022 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 2022 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 of the consolidated financial statements for the year ended 31 December 2022. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company’s external auditor for 2023 and that the related resolution shall be put forth for shareholders’ consideration and approval at the 2023 annual general meeting. • The Group’s Annual Report 2022 has been reviewed by the Audit Committee. The Company’s external auditor was invited to attend the meetings held in March, August and November of 2022. During the year ended 31 December 2022, the Audit Committee held two private sessions with external auditor and internal auditor respectively without the presence of management.
D.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 website 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 available on the websites of the Company and HKEX. • The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system, 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, headed by an Independent Non-executive Director, 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.
D.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 2023. • For the year ended 31 December 2022, the external auditor of the Company received approximately HK$12,528,440 for audit services and approximately HK$2,326,073 for non-audit services, comprising tax compliance and advisory services of approximately HK$2,326,073.
D.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3.7	The terms of reference of the audit committee should also require it:		• Please refer to D.2.6 above for the details.
	– 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	C	
	– to act as the key representative body for overseeing the company's relations with the external auditor.	C	
E.	**REMUNERATION**		
E.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should have a formal and transparent policy on Director's remuneration and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
E.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 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>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>E.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 their associates is involved in deciding that director's 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. Donald Jeffrey Roberts.

• 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 makes recommendations on the remuneration of Non-executive Directors.

• Since the publication of the Annual Report 2021 in April 2022, a meeting of the Remuneration Committee was held in January 2023. Attendance records of the members of the Remuneration Committee are as follows:

<table>
<tr><th>Members of the Remuneration Committee</th><th>Attendance</th></tr>
<tr><td>KWOK Eva Lee (Chairperson)</td><td>1/1</td></tr>
<tr><td>Victor T K LI</td><td>1/1</td></tr>
<tr><td>Donald Jeffrey ROBERTS</td><td>1/1</td></tr>
</table>

• The following is a summary of the work of the Remuneration Committee during the said meeting:

1. Review the remuneration policy for 2022/2023;

2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;

3. Review and determine 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 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 2023.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEX's website and the company's website.	C	• The terms of reference of the Remuneration Committee (both English and Chinese versions) are available on the websites of the Company and HKEX.
E.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.
E.1.5	The company should disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters 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 32 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors. • The Remuneration Committee is primarily responsible for making recommendations to the Board on the Group's policy and structure in relation to remuneration of Directors and the management, making recommendations on the remuneration packages of Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors. The remuneration package of Directors and key personnel is determined taking into account the duties and responsibilities of the role, the experience and performance of the individuals concerned as well as the prevailing market conditions. The remuneration of Executive Directors is structured to align with the long-term interests of the Company with significant proportion of remuneration linked to the performance of the Company and the individual. Non-executive Directors (including Independent Non-executive Directors) receive fixed fees for their appointments as members of the Board and additional fees for sitting on each Board Committee and have not been granted with any equity-based remuneration with performance-related elements.
F.	**SHAREHOLDERS ENGAGEMENT**		
F.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.*		
F.1.1	The company 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.2	**Shareholders meetings** ***Corporate Governance Principle*** *The Company should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.*		
F.2.1	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 on each substantially separate issue, including the election of individual directors. • The Company has a Shareholders Communication Policy, a copy of which is available on the Company's website. This policy is subject to regular review to ensure its implementation and effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special 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 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.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>F.2.2</td><td>– The chairman of the board should attend the annual general meeting. The chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee to be available to answer questions at the annual general meeting.

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

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

C

C</td><td>• In 2022, the Chairman and the Chairman/Chairperson of each of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee and the Executive Committee attended the 2022 annual general meeting and were available to answer questions.

• Directors' attendance record^ of the annual general meeting in 2022 is as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K LI (Chairman of the Board and Chairman of the Executive Committee)</td><td>1/1</td></tr>
<tr><td>KAM Hing Lam</td><td>1/1</td></tr>
<tr><td>IP Tak Chuen, Edmond (Chairman of the Sustainability Committee)</td><td>1/1</td></tr>
<tr><td>YU Ying Choi, Alan Abel</td><td>1/1</td></tr>
<tr><td>TOH Kean Meng, Melvin</td><td>1/1</td></tr>
<tr><td>Non-executive Director</td><td></td></tr>
<tr><td>Peter Peace TULLOCH</td><td>1/1</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>KWOK Eva Lee (Chairperson of the Remuneration Committee)</td><td>1/1</td></tr>
<tr><td>Colin Stevens RUSSEL*</td><td>1/1</td></tr>
<tr><td>KWAN Kai Cheong (Chairman of the Audit Committee)</td><td>1/1</td></tr>
<tr><td>Paul Joseph TIGHE (Chairman of the Nomination Committee)</td><td>1/1</td></tr>
<tr><td>Donald Jeffrey ROBERTS</td><td>1/1</td></tr>
</table>
^ All Directors attended via video conferencing.

* Retired as an Independent Non-executive Director with effect from 1 September 2022.

• In 2022, the Company's external auditor attended the annual general meeting and was available to answer questions.</td></tr>
</table>

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>F.2.3</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 2022 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 2022 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 the 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 2022 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 17 May 2022 are set out below:

<table>
<tr><th colspan="2">Resolutions proposed at the
2022 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 2021.</td><td>99.9825%</td></tr>
<tr><td>2</td><td>To declare a final dividend.</td><td>99.9995%</td></tr>
<tr><td>3(1)</td><td>To elect Mr. Li Tzar Kuoi, Victor as Director.</td><td>99.2795%</td></tr>
<tr><td>3(2)</td><td>To elect Mr. Yu Ying Choi, Alan Abel as Director.</td><td>99.9841%</td></tr>
<tr><td>3(3)</td><td>To elect Mr. Peter Peace Tulloch as Director.</td><td>99.9822%</td></tr>
<tr><td>3(4)</td><td>To elect Mr. Colin Stevens Russel as Director.</td><td>99.3376%</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>99.9973%</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>99.9969%</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>99.9978%</td></tr>
</table>

Accordingly, all resolutions put to shareholders at the 2022 annual general meeting were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEX.

</td></tr>
</table>

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**CORPORATE PURPOSE, STRATEGY AND GOVERNANCE**		
A.1	**Corporate strategy, business model and culture** ***Corporate Governance Principle*** *The Company should be headed by an effective Board which should assume responsibility for leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the Company.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	**Corporate Governance Functions** ***Corporate Governance Principle*** *The Board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.*		
There is no recommended best practice under Section A.2 in the CG Code.			
B.	**BOARD COMPOSITION AND NOMINATION**		
B.1	**Board composition, succession and evaluation** ***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 ensure that the directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities. It should include a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient caliber and number for their views to carry weight.*		
B.1.5	The board should conduct a regular evaluation of its performance.	C	• The Board has conducted an evaluation of its performance for the year 2022, including the aspects contributing to the effective implementation of the mechanism discussed in B.1.4.
B.1.6	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 a wide spectrum of skills and experience, and financially independent.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.2	**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 B.2 in the CG Code.			
B.3	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the principles under Sections B.1 and B.2 in the CG Code.*		
There is no recommended best practice under Section B.3 in the CG Code.`			
C.	**DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS**		
C.1	**Responsibilities of Directors** ***Corporate Governance Principle*** *Every Director must always know their responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section C.1 in the CG Code.			
C.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and Chief Executive Officer of the Company to ensure a balance of power and authority.*		
There is no recommended best practice under Section C.2 in the CG Code.			
C.3	**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 C.3 in the CG Code.			
C.4	**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 C.4 in the CG Code.			
C.5	**Conduct of board proceedings and supply of and access to information** ***Corporate Governance Principle*** *The Company should ensure Directors can participate in board proceedings in a meaningful and effective manner. 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 C.5 in the CG Code.			

<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.6</td><td colspan="3">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.</td></tr>
<tr><td colspan="4">There is no recommended best practice under Section C.6 in the CG Code.</td></tr>
<tr><td>D.</td><td colspan="3">AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT</td></tr>
<tr><td>D.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>D.1.5 –
D.1.6</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 and inside information 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. Given regular Board meetings are held quarterly to review major business and financial information, 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 incur costs disproportionate to any additional benefits to the shareholders.

• Please refer to D.1.5 above for details.</td></tr>
</table>

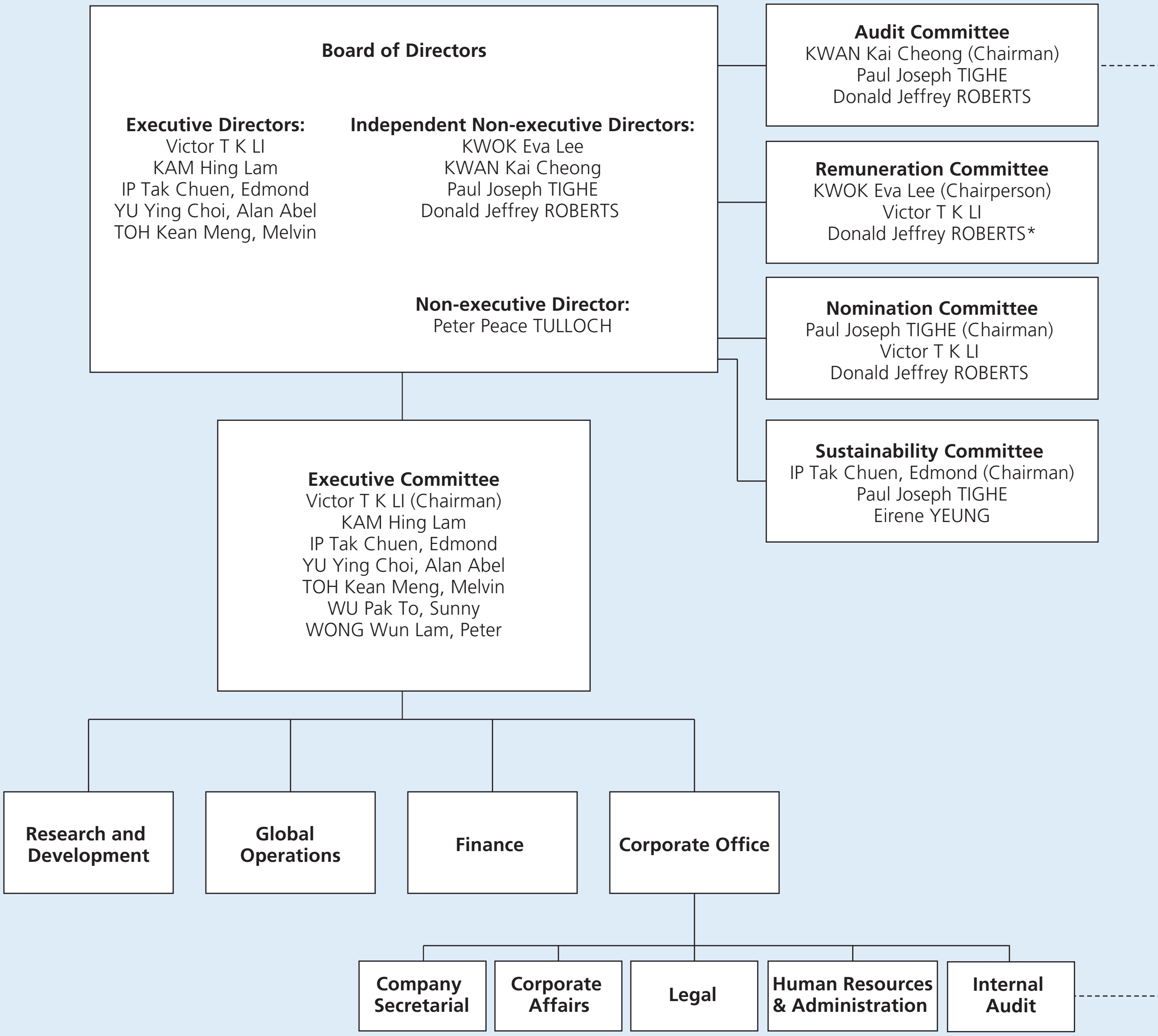
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing 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. Such risks would include, amongst others, material risks relating to Environment, Social and Governance ("ESG"). 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.*		
D.2.8	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.	C	• Management provides reports to Audit Committee to confirm the effectiveness of existing risk management and internal control systems of the Group.
D.2.9	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	• Please refer to D.2.1 for details.
D.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.*		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**REMUNERATION**		
E.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should have a formal and transparent policy on Director's remuneration and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
E.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.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2022, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 32 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
E.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 32 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
E.1.9	The company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors as this may lead to bias in their decision-making and compromise their objectivity and independence.	C	• The Company does not have any share option scheme. • Independent Non-executive Directors receive fixed fees for acting as Directors and members of Board Committees which are not dependent on the performance of the Group but are determined based on the number of Board Committees on which a Director sits and the type of offices held.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.	**SHAREHOLDERS ENGAGEMENT**		
F.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.*		
F.1.2	The company are encouraged to include the following information in their Corporate Governance Report:		
	(a) details of shareholders by type and aggregate shareholding;	C	• As at 31 December 2022, the Company has 7,242 registered shareholders whose shareholdings are categorised as follows: (see table below) * As at 31 December 2022, 2,302,526,302 shares are registered in the name of HKSCC Nominees Limited.
	(b) indication of important shareholders' dates in the coming financial year;	C	• Please refer to Corporate Information and Key Dates on page 182 of the Annual Report 2022.
	(c) the percentage of public float, based on information that is publicly available to the Company and within the knowledge of its directors as at the latest practicable date prior to the issue of annual report; and	C	• Based on information publicly available and within the knowledge of the Directors, the public float of the Company as at the latest practicable date prior to the publication date of the Annual Report 2022 was approximately 25.02%*. * The Listing Rules required 25% public float was maintained throughout the year 2022.
	(d) the number of shares held by each of the senior management.	C	• Please refer to the information of Directors' interests and short positions in shares, underlying shares and debentures on page 43 of the Annual Report 2022.
F.2	**Shareholders meetings** ***Corporate Governance Principle*** *The Company should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.*		
There is no recommended best practice under Section F.2 in the CG Code.			

Size of Registered Shareholding	No. of Shareholders	Approximate Percentage of Shareholders	No. of Shares	Approximate Percentage of Issued Share Capital
1,000 or below	432	5.97%	59,579	0.00%
1,001 – 5,000	2,928	40.43%	7,882,566	0.08%
5,001 – 10,000	2,628	36.29%	19,619,820	0.20%
10,001 – 100,000	1,151	15.89%	23,654,485	0.25%
Above 100,000	103	1.42%	9,559,855,950	99.47%
Total	**7,242**	**100%**	**9,611,072,400***	**100%**

MANAGEMENT STRUCTURE CHART



Note:

* Appointed on 1 September 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

Intensification in trade protectionism, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, high and persistent inflation, tightening fiscal policy and monetary policy, interest rate hikes, rising commodity prices and energy costs as well as the ongoing COVID-19 pandemic have created uncertainties and volatility 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, social and/or political conditions in those countries and cities in which the Group operates may potentially impact the Group's businesses, financial conditions or results of operations, asset value and liabilities.

CONTINUATION OF HIGHLY CONTAGIOUS DISEASE

Although the impact of the COVID-19 pandemic has moderated in many countries and their governments have removed entry restrictions and relaxed social distancing measures, the lingering waves of the pandemic continue to disrupt economic activities and global supply chains in different parts of the world, including the places of businesses in which the Group operates. The impact of the pandemic on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments. Despite the situation of COVID-19 outbreak 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. 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 could have an adverse impact on the operations of the Group and its results of operations may suffer.

LABOUR

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. Unemployment rates are at lows while inflation rates are on the rise. In addition, people are seeking to improve work life balance.

There is a high level of uncertainty in labour availability and cost. High level of people turnover is creating more challenges in recruitment, training and development. There is no assurance that the situation will improve anytime soon.

SUPPLY CHAIN DISRUPTIONS

Geopolitical tensions have disrupted supply of raw materials, transportation and port operations. In addition to escalating costs and unpredictable lead time, there are widespread shortages of shipping availability. Increase in energy and oil prices has added complexity to the disruption.

Global disruptions have spilled over to domestic supply chains. Specific domestic issues include shortage of pallets and labour which is particularly acute in some areas the Group is operating in. There is no assurance that the situation will improve anytime soon.

HIGHLY COMPETITIVE MARKETS

The Group's principal business operations face significant competition and rapid technological change across the diverse 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.

Inflation has soared to multidecade highs, prompting central banks across the world to simultaneously hike interest rates. The interest rate hike cycle has 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 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 business reputation, businesses, 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, His 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 at 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 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, reduction in government subsidies, may 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 issues 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 actions or civil claims. The expenses on remediation, costs of regulatory or legal actions, and monetary damages 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 Mainland China. The tension between Mainland 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, TERRORIST THREATS AND GEOPOLITICAL TENSIONS

The Group is a diversified company with businesses in Asia, Australasia and North America. In recent years, a series of social incidents, terrorist activities and geopolitical tensions occurred across the globe that resulted in economic losses, multiple deaths, casualties, persistent supply chain disruptions and volatility in commodity markets. 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 threats or geopolitical tensions, 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 financial statements. 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 market 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.

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, typhoons, 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, typhoons, 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 extreme rainfall, flooding, 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.

Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Physical risks, together with transition risks arising from climate change as well as the new disclosure requirements, may have potential impact on the Group's businesses, operations or financial conditions.

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*
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
Donald Jeffrey ROBERTS

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
WU Pak To, Sunny
WONG Wun Lam, Peter

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

CHIEF FINANCIAL OFFICER

WONG Wun Lam, Peter

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	14 March 2023
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	15 to 18 May 2023 *(both days inclusive)*
Annual General Meeting	18 May 2023
Record Date (for determination of shareholders who qualify for the Final Dividend)	24 May 2023
Payment of Final Dividend	5 June 2023

This annual report 2022 ("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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