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

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8222)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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*This announcement, for which the directors (the “Directors”) of CK Life Sciences Int'l., (Holdings) Inc. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and is not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## CHAIRMAN'S STATEMENT

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Group") made steady progress in 2007. The Group's performance was characterized by a combination of organic growth, strategic acquisitions and R&D progress.

Revenue amounted to HK\$2.09 billion, an increase of 2% over the same period last year; and profit attributable to shareholders was HK\$117 million, up 15% from 2006.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2007.

### *Operations Highlights*

Steady progress was made across all operations:

#### (1) Health - Pharmaceuticals

Two pharmaceutical products within the Group are approaching advanced stages of clinical trial. These developments mark new milestones in CK Life Sciences' R&D progress.

One of these products, for pain management, is based on tetrodotoxin, a naturally-occurring compound found primarily in puffer fish. It has received a "No Objection" letter from Health Canada for conducting Phase III clinical trial. Accordingly, we are now making preparations for this next phase.

We are also in the process of developing a vaccine for the treatment of melanoma, the most serious and deadly type of skin cancer. The vaccine uses a combination of antigens from three proprietary cell lines which stimulate the body's immune system to fight tumours. US FDA Phase I and II clinical trials have been carried out and we are now preparing for discussion with US FDA to proceed with Phase III clinical trials.

To date, a number of pre-clinical studies and clinical trials on cancer treatment products have been carried out in partnership with esteemed medical institutions in Hong Kong, Mainland China, the United States, Canada and Australia.

## (2) Health - Nutraceuticals

CK Life Sciences' nutraceutical businesses generated sales totaling HK\$1.5 billion in 2007, a 7% increase over the same period last year.

Following the acquisitions of Santé Naturelle A.G. Ltée (*Adrien Gagnon*) in 2005 and Vitaquest International Holdings LLC in 2006, we expanded into the Australian nutraceutical market with the acquisition and privatization of Lipa Pharmaceuticals Limited ("Lipa") in 2007. Lipa is a leading Australian contract manufacturer of complementary healthcare and over-the-counter medicines that was previously listed on the Australian Stock Exchange. The addition of this company is poised to enhance the reach of our nutraceutical portfolio, providing an additional revenue channel for the Group.

Through the acquisition of one company each year for the past three years, the Group now has a portfolio of revenue contributors which span Hong Kong, Canada, the United States and Australia.

## (3) Agriculture-related Businesses

Revenue of over HK\$500 million was recorded by our agriculture-related businesses in 2007.

The Group's eco-fertilizer products are now being marketed and sold in a number of Asian countries including Hong Kong, Mainland China, Malaysia, Vietnam, Thailand, the Philippines, Japan and South Korea, as well as Australia.

In January 2008, the Group enhanced its portfolio of five agriculture operating companies in Australia with the acquisition of Accensi Pty Ltd ("Accensi"), the country's largest independent toll manufacturer of crop protection products. The acquisition of Accensi will give rise to both horizontal and vertical synergies with CK Life Sciences' existing eco-fertilizer businesses in Australia. CK Life Sciences now owns manufacturing facilities in 4 states in Australia, namely South Australia, New South Wales, Western Australia and Queensland. The Group is also the largest supplier of turf management products and services in Australia and the second largest supplier in Australia's home garden products industry. Overall, our Australian businesses performed well in 2007. Given the abundance of rainfall recently in Australia that has ended the longstanding drought, we expect that the prospects will be even better for the agriculture sector.

## *Prospects*

2007 marked our fifth year since listing. A solid business foundation has been established.

Our revenue streams have been enhanced by the organic growth of our existing businesses, as well as through the positive impact of recent acquisitions. The two new companies in Australia will expand the scale and scope of our health and agriculture-related businesses and will contribute to the performance in the coming year. At the same time, we will continue to advance our existing businesses by seeking new opportunities for organic growth and acquisition.

Cancer-related studies will remain the strategic focus of the Group. With significant R&D progress, which saw two products approaching Phase III clinical trials in North America, we will continue to deploy resources to support development in this area.

CK Life Sciences has progressed well in 2007 and we will build on this performance to enhance value for our shareholders in the coming year.

I would like to take this opportunity to thank our shareholders, Board of Directors, staff and business partners for their continued support.

**Li Tzar Kuoi, Victor**  
Chairman

Hong Kong, 17 March 2008

## **FINANCIAL REVIEW**

### **Financial Resources, Liquidity and Treasury Policies**

In 2007, the financial and liquidity position of the Group continued to be sound and healthy. It obtained its finances mainly from internal sources such as cash generated from business activities as well as external source such as bank borrowings.

The external financing by bank loans was mainly for the purpose of acquiring the Group's overseas businesses. As at 31 December 2007, the total bank loans and overdrafts amounted to HK\$849,838,000. Most of these loans are principally on a floating interest rate basis and were granted by the banks based on the guarantees of and/or some committed terms by the Company. Other than such guarantees/commitments, the overseas subsidiaries had also pledged to banks all their assets which had a carrying value of HK\$210,259,000 as at 31 December 2007 for loans and overdrafts of HK\$139,292,000. The total finance costs of the Group for the year were HK\$34,232,000.

At the end of 2007, the total assets of the Group were about HK\$6,939,985,000, of which bank balances and deposits were about HK\$807,022,000 and marketable securities were about HK\$546,863,000. The total investment income and bank interest generated for the year were HK\$112,361,000 and HK\$17,928,000 respectively.

The total net assets of the Group as at 31 December 2007 were HK\$5,266,732,000, representing an increase of 6% as compared to the same reported last year. The net asset value of the Group was increased from HK\$0.52 per share in 2006 to HK\$0.55 per share in 2007. The gearing ratio of the Group as at 31 December 2007 was approximately 0.86%, which is calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$807,022,000) over the equity attributable to equity holders of the Company.

The Group's treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to interest rates fluctuation. It would monitor its overall net debt position closely, review its funding costs and maturity profile regularly and take necessary actions to facilitate refinancing whenever appropriate. To mitigate the currency exchange risk arising from overseas investments which consist of non-HK dollar assets, the Group would generally establish a natural hedge with an appropriate level of borrowings in the same currencies of the overseas investments. As such, same as the previous years, all the bank loans of the Group for the year under review were denominated in foreign currencies.

## **Material Acquisitions/Disposals and Significant Investments**

In November 2007, the Group completed the acquisition of 100% stake in Lipa Pharmaceuticals Limited (“Lipa”) (the “Acquisition”). Lipa is a company incorporated in Australia and was listed on the ASX Limited before the Acquisition. The principal activities of Lipa are the contract manufacturing of complementary healthcare medicines, including herbal medicines, vitamins and nutritional supplements, as well as the production of non-sterile prescription and over-the-counter medicines. The Acquisition constitutes a major transaction under the GEM Listing Rules and details of which are incorporated in a circular issued on 20 October 2007.

As detailed in the circular of the Company dated 22 June 2007, a disposal of the Group’s equity interests in Nanjing Green Union Eco-Technology Limited (“NJLP”), Jiangsu Technology Union Eco-fertilizer Limited (“Jiangsu Technology”) and Jiangsu Prosperous Union Crop Sciences Limited (“JSJB”) was completed in the first half of the year. The total consideration of the disposal is RMB53,775,000 (approximately HK\$54,851,000). After the disposal, the Group ceased to have any interests in NJLP and JSJB, and the Group’s interests in Jiangsu Technology was reduced to 25%. Such disposal constitutes a major transaction under the GEM Listing Rules.

Other than the aforementioned, there was no other material acquisition/disposal which would have been required to be disclosed under the GEM Listing Rules for the year under review.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK\$51,298,000 in 2007.

## **Capital Commitments and Future Plans for Material Investments or Capital Assets**

As of 31 December 2007, the total capital commitments by the Group amounted to HK\$1,913,000 which were mainly made up of contracted commitments in respect of the acquisition of laboratory, instrument, plant and equipment.

## **Information on Employees**

The total number of full-time employee of the Group was 1,333 at the end of 2007, and is 171 more than the total headcount of 1,162 at the end of 2006. The total staff costs, including director’s emoluments, amounted to approximately HK\$488.1 million for the year under review, which represents an increase of 3.7% as compared to the same of the previous year. The increases in headcount and staff costs were mainly due to the inclusion of Lipa as a new member of the Group in 2007.

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 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 2007 (2006: Nil).

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000 (Restated)
Turnover	3	2,091,592	2,047,622
Cost of sales		<u>(1,355,539)</u>	<u>(1,266,015)</u>
		736,053	781,607
Other income, gains and losses	4	45,788	78,958
Staff costs	5	(298,148)	(283,269)
Depreciation		(33,067)	(31,888)
Amortization of intangible assets		(33,005)	(22,282)
Other operating expenses		(349,699)	(389,745)
Gain on disposal of associates		2,712	-
Gain on disposal of a subsidiary		2,100	-
Finance costs	6	(34,232)	(37,866)
Share of results of associates		<u>(5,510)</u>	<u>2,930</u>
Profit before taxation		32,992	98,445
Taxation	7	<u>82,319</u>	<u>(1,653)</u>
Profit for the year		<u><u>115,311</u></u>	<u><u>96,792</u></u>
Attributable to:			
Equity holders of the Company		117,001	102,022
Minority interests		<u>(1,690)</u>	<u>(5,230)</u>
		<u><u>115,311</u></u>	<u><u>96,792</u></u>
Earnings per share	8		
- Basic		<u><u>1.22 cents</u></u>	<u><u>1.16 cents</u></u>
- Diluted		<u><u>1.22 cents</u></u>	<u><u>1.16 cents</u></u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		2007	2006
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		581,853	358,180
Prepaid lease for land		12,388	12,700
Intangible assets		3,770,114	3,077,477
Interests in associates		59,164	72,909
Convertible debentures issued by an associate		24,895	-
Available-for-sale investments		150,101	155,727
Investments at fair value through profit or loss		323,230	920,265
Deferred taxation		87,320	19,178
		<u>5,009,065</u>	<u>4,616,436</u>
<b>Current assets</b>			
Investments at fair value through profit or loss		55,104	12,709
Derivative financial instruments		18,428	19,544
Inventories		382,841	320,489
Receivables and prepayments	10	667,525	502,852
Deposit with financial institution		40,131	47,931
Bank balances and deposits		766,891	411,693
		<u>1,930,920</u>	<u>1,315,218</u>
<b>Current liabilities</b>			
Payables and accruals	11	(672,262)	(438,286)
Derivative financial instruments		(55,889)	(63,630)
Bank overdrafts		(13,391)	-
Bank loans		(125,901)	-
Finance lease obligations		(752)	(2,222)
Taxation		(15,949)	(16,057)
		<u>(884,144)</u>	<u>(520,195)</u>
<b>Net current assets</b>		<u>1,046,776</u>	<u>795,023</u>
<b>Total assets less current liabilities</b>		<u>6,055,841</u>	<u>5,411,459</u>
<b>Non-current liabilities</b>			
Bank loans		(710,546)	(322,877)
Finance lease obligations		(937)	(1,505)
Loan from a minority shareholder		(27,574)	(23,828)
Deferred taxation		(50,052)	(101,225)
		<u>(789,109)</u>	<u>(449,435)</u>
<b>Total net assets</b>		<u>5,266,732</u>	<u>4,962,024</u>
<b>Capital and reserves</b>			
Share capital		961,107	961,107
Share premium and reserves		4,190,206	3,985,346
<b>Equity attributable to equity holders of the Company</b>		<u>5,151,313</u>	<u>4,946,453</u>
Minority interests		115,419	15,571
<b>Total equity</b>		<u>5,266,732</u>	<u>4,962,024</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Share capital	Share premium	Investment revaluation reserve	Exchange reserve	Employee share-based compensation reserve	Accumulated losses	Equity attributable to equity holders of the Company	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	640,738	2,392,185	(27,602)	(35)	8,186	(277,212)	2,736,260	47,827	2,784,087
Gain on fair value changes of available-for-sale investments	-	-	4,657	-	-	-	4,657	-	4,657
Exchange difference on translation of financial statements of overseas operations	-	-	-	27,261	-	-	27,261	2,742	30,003
Income recognized directly in equity	-	-	4,657	27,261	-	-	31,918	2,742	34,660
Profit for the year	-	-	-	-	-	102,022	102,022	(5,230)	96,792
Total recognized income and expenses for the year	-	-	4,657	27,261	-	102,022	133,940	(2,488)	131,452
Shares issued under rights issue	320,369	1,762,030	-	-	-	-	2,082,399	-	2,082,399
Transaction costs arising from rights issue	-	(6,672)	-	-	-	-	(6,672)	-	(6,672)
Employees' share options benefits Arising from acquisition of subsidiaries	-	-	-	-	526	-	526	-	526
Arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	7,705	7,705
Arising from disposal of a subsidiary	-	-	-	-	-	-	-	(1,709)	(1,709)
Fair value adjustments on loan from minority shareholders	-	-	-	-	-	-	-	(44,607)	(44,607)
Deferred tax liability of fair value adjustments on loan from minority shareholders	-	-	-	-	-	-	-	12,827	12,827
	-	-	-	-	-	-	-	(3,984)	(3,984)
At 1 January 2007	961,107	4,147,543	(22,945)	27,226	8,712	(175,190)	4,946,453	15,571	4,962,024
Gain on fair value changes of available-for-sale investments	-	-	7,556	-	-	-	7,556	-	7,556
Exchange difference on translation of financial statements of overseas operations	-	-	-	71,249	-	-	71,249	-	71,249
Income recognized directly in equity	-	-	7,556	71,249	-	-	78,805	-	78,805
Profit for the year	-	-	-	-	-	117,001	117,001	(1,690)	115,311
Release on disposal of a subsidiary	-	-	-	(912)	-	-	(912)	(7,662)	(8,574)
Release on disposal of associates	-	-	-	(3,628)	-	-	(3,628)	-	(3,628)
Release on disposal of available-for-sale investments	-	-	13,594	-	-	-	13,594	-	13,594
Total recognized income and expenses for the year	-	-	21,150	66,709	-	117,001	204,860	(9,352)	195,508
Capital contribution from minority shareholders of a subsidiary	-	-	-	-	-	-	-	109,200	109,200
Employee's share option lapse during the year	-	-	-	-	(1,421)	1,421	-	-	-
At 31 December 2007	961,107	4,147,543	(1,795)	93,935	7,291	(56,768)	5,151,313	115,419	5,266,732

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Organization and Operations

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of the Stock Exchange.

The financial statements are presented in Hong Kong dollar, 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, commercialization, marketing and selling of environmental and human health products, as well as investment in various financial and investment products.

### 2. Application of Hong Kong Financial Reporting Standards

In the current year, the Group has adopted, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”), amendments and interpretations (collectively “New Standards”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for the current accounting period. Except for the adoption of HKFRS 7 “Financial Instruments: Disclosures” and the amendment to HKAS 1 “Capital Disclosures”, which require certain additional disclosures as detailed below, the adoption of the New Standards had no material impact on how the financial statements of the Group for the current or prior financial years have been prepared and presented. Accordingly, no prior year adjustment has been required.

HKFRS 7 requires expanded disclosures about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32 “Financial Instruments: Disclosure and Presentation”.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s objectives, policies and processes for managing capital.

The Group has not early applied the following new/revised standards and interpretations that have been issued but are not yet effective for the financial period beginning 1 January 2007. However, the directors of the Company anticipate that the application of these new/revised standards and interpretations will have no material impact on how the results and the financial position of the Group are prepared and presented:

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

### 3. Turnover

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

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000 (Restated)
Environment	510,948	549,922
Health	1,487,959	1,388,635
Investment income *	<u>92,685</u>	<u>109,065</u>
	<u>2,091,592</u>	<u>2,047,622</u>

\* In previous years, the sale proceeds and costs in respect of the disposal of trading equity securities were included in the Group's turnover and cost of sales, respectively. In the current year, the Group considered it is more appropriate to include the net balances of sales proceeds amounted to HK\$181,350,000 (2006:HK\$149,496,000) and the related cost amounted to HK\$152,094,000 (2006:HK\$103,913,000) in net gain on investment at fair value through profit or loss included in other income, gains and losses. In addition, the increase in fair value change of investments at fair value through profit or loss / derivative financial instruments amounted to HK\$18,327,000 (2006: decrease in fair value of HK\$10,007,000) are reclassified and included in net gain / (loss) on investment at fair value through profit or loss / derivative financial instruments under other income, gains and losses, the comparative amounts have been restated to conform with the current year presentation.

#### 4. Other Income, Gains and Losses

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
Included in other income, gains and losses are:		(Restated)
Interest income from bank deposits	17,928	18,193
Loss on disposal of available-for-sale investments	(2,408)	-
Net gain on investment at fair value through profit or loss	19,758	84,239
Net gain/(loss) on derivative financial instruments	<u>2,986</u>	<u>(37,929)</u>

#### 5. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK\$488.1 million (2006: HK\$470.7 million) of which HK\$16.1 million (2006: HK\$26.7 million) relating to development activities was capitalized and HK\$173.9 million (2006: HK\$160.7 million) relating to direct labour costs was included in cost of sales.

Staff costs also include operating lease rentals of HK\$1.0 million (2006: HK\$1.0 million) in respect of accommodation provided to staff.

#### 6. Finance Costs

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
Interest on:		
Bank loans wholly repayable within five years	29,943	35,513
Bank overdrafts	1,430	-
Loan from a minority shareholder	2,531	2,149
Finance leases	328	204
	<u>34,232</u>	<u>37,866</u>

## 7. Taxation

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
Current tax		
Hong Kong	7,504	114
Other jurisdictions	1,930	17,696
Over provision in prior year		
Other jurisdictions	(10,988)	(35)
Deferred tax		
Hong Kong	808	(153)
Other jurisdictions	(81,573)	(15,969)
	<u>(82,319)</u>	<u>1,653</u>

Hong Kong profits tax has been provided at the rate of 17.5%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. Earning Per Share

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

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
<b>Profit for the year</b>		
Profit for calculating basic and diluted earnings per share	<u>117,001</u>	<u>102,022</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	<u>9,611,073,000</u>	<u>8,759,610,000</u>

The weighted average number of ordinary shares used in the calculation of earnings per share for the year ended 31 December 2006 has accounted for the issuance of new shares pursuant to the rights issue which was completed on 10 May 2006.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options for the two years ended 31 December 2007 and 2006.

## 9. Dividends

The Directors do not recommend the payment of any dividend for the year ended 31 December 2007 (2006: Nil).

## 10. Receivables and Prepayments

	<u>2007</u>	<u>2006</u>
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>527,349</b>	416,828
Less: provision for impairment	<b>(24,709)</b>	(25,348)
	<b>502,640</b>	391,480
Other receivables	<b>160,925</b>	105,604
Loans and receivables	<b>663,565</b>	497,084
Deposit and prepayments	<b>3,960</b>	5,768
	<b>667,525</b>	502,852

The Group has a policy of allowing an average credit period of 30 to 90 days to its customers.

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

	<u>2007</u>	<u>2006</u>
	<b>HK\$'000</b>	HK\$'000
Current	<b>211,287</b>	219,987
Less than 90 days past due	<b>259,911</b>	139,196
Over 90 days past due	<b>31,442</b>	32,297
	<b>291,353</b>	171,493
	<b>502,640</b>	391,480

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 11. Payables and Accruals

	<u>2007</u>	<u>2006</u>
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>276,306</b>	289,754
Other payables and accrued charges	<b>395,956</b>	148,532
Financial liabilities measured at amortised cost	<b>672,262</b>	438,286

The ageing analysis of trade payables is as follows:

	<u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
Due within 90 days or on demand	<b>256,363</b>	249,469
Due after 90 days	<b>19,943</b>	40,285

The Directors consider that the carrying amount of trade and other payable approximates their fair value.

## 12. Segment Information

Segment information is presented in respect of the Group's primary business segments and secondary geographical segments.

### (a) Business segments

	Environment		Health		Investment		Unallocated		Total	
	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	<b>510,948</b>	549,922	<b>1,487,959</b>	1,388,635	<b>92,685</b>	109,065	-	-	<b>2,091,592</b>	2,047,622
Segment results	<b>20,743</b>	8,505	<b>23,669</b>	92,089	<b>124,607</b>	169,556	-	-	<b>169,019</b>	270,150
Business development expenditure	-	-	-	-	-	-	<b>(32,514)</b>	(41,212)	<b>(32,514)</b>	(41,212)
Research and development expenditure	-	-	-	-	-	-	<b>(23,593)</b>	(25,851)	<b>(23,593)</b>	(25,851)
Corporate expenses	-	-	-	-	-	-	<b>(44,990)</b>	(69,706)	<b>(44,990)</b>	(69,706)
Gain on disposal of associates	<b>2,712</b>	-	-	-	-	-	-	-	<b>2,712</b>	-
Gain on disposal of a subsidiary	<b>2,100</b>	-	-	-	-	-	-	-	<b>2,100</b>	-
Finance costs	-	-	-	-	-	-	<b>(34,232)</b>	(37,866)	<b>(34,232)</b>	(37,866)
Share of results of associates	<b>(4,242)</b>	2,930	<b>(1,268)</b>	-	-	-	-	-	<b>(5,510)</b>	2,930
Profit before taxation									<b>32,992</b>	98,445
Taxation									<b>82,319</b>	(1,653)
Profit for the year									<b>115,311</b>	96,792

	Environment		Health		Investment		Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<b>589,320</b>	500,852	<b>4,777,530</b>	3,643,341	<b>546,354</b>	1,111,160	-	-	<b>5,913,204</b>	5,255,353
Interests in associates	<b>21,360</b>	72,909	<b>37,804</b>	-	-	-	-	-	<b>59,164</b>	72,909
Convertible debentures issued by an associate	-	-	<b>27,649</b>	-	-	-	-	-	<b>27,649</b>	-
Bank balances and cash									<b>766,891</b>	411,693
Other assets									<b>173,077</b>	191,699
Total assets									<b>6,939,985</b>	5,931,654
Segment liabilities	<b>(146,942)</b>	(106,076)	<b>(437,239)</b>	(295,652)	<b>(213,154)</b>	(61,274)	-	-	<b>(797,335)</b>	(463,002)
Other liabilities									<b>(875,918)</b>	(506,628)
Total liabilities									<b>(1,673,253)</b>	(969,630)
Other information										
Amortization of intangible assets	<b>(19)</b>	2,776	<b>33,024</b>	19,506	-	-	-	-	<b>33,005</b>	22,282
Depreciation	<b>13,407</b>	11,210	<b>24,366</b>	23,253	-	-	<b>9,651</b>	11,508	<b>47,424</b>	45,971
Capital additions	<b>21,050</b>	15,408	<b>884,105</b>	2,493,656	-	-	<b>2,673</b>	2,079	<b>907,828</b>	2,511,143
Allowances for bad debts	<b>215</b>	(49)	<b>5,199</b>	8,750	-	-	-	-	<b>5,414</b>	8,701
Inventories written off	<b>43</b>	19	<b>4,667</b>	4,089	-	-	-	-	<b>4,710</b>	4,108

(b) Geographical segments

Turnover is analysed by the Group's sales by geographical market while the carrying amount of segments assets and capital additions is analysed by the geographical area in which the segment assets are located.

	Turnover		Segment assets		Capital additions	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)				
Hong Kong (Note )	<b>32,713</b>	31,596	<b>662,598</b>	544,731	<b>30,288</b>	55,014
Canada (Note)	<b>180,076</b>	166,579	<b>335,951</b>	464,452	<b>2,411</b>	8,893
Mainland China	<b>22,882</b>	121,503	<b>6,968</b>	52,088	<b>6,279</b>	19,307
Other Asian countries	<b>19,695</b>	12,680	<b>1,981</b>	5,781	-	-
Australia	<b>543,976</b>	415,517	<b>1,466,545</b>	461,560	<b>706,561</b>	14,948
America (Note )	<b>1,211,669</b>	1,215,842	<b>2,872,617</b>	3,059,348	<b>162,289</b>	2,410,970
Europe (Note )	<b>80,581</b>	83,905	<b>566,544</b>	667,393	-	2,011
	<b>2,091,592</b>	2,047,622	<b>5,913,204</b>	5,255,353	<b>907,828</b>	2,511,143

Note : including financial instruments

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2007.

## **AUDIT COMMITTEE**

The GEM 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 an audit committee ("Audit Committee") on 26 June 2002 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices.

The Audit Committee comprises three Independent Non-executive Directors, namely, Professor Wong Yue-chim, Richard (Chairman of the Audit Committee), Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

The Group's annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee.

## **ANNUAL GENERAL MEETING**

The 2008 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 15 May 2008 at 10:30 a.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Thursday, 8 May 2008 to Thursday, 15 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2008 Annual General Meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 May 2008.

*As at the date of this announcement, the Executive Directors of the Company are Mr. Li Tzar Kuoi, Victor (Chairman), Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mr. Yu Ying Choi, Alan Abel and Dr. Chu Kee Hung; and the Non-executive Directors are Mr. Peter Peace Tulloch, Professor Wong Yue-chim, Richard (Independent Non-executive Director), Mrs. Kwok Eva Lee (Independent Non-executive Director) and Mr. Colin Stevens Russel (Independent Non-executive Director).*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.ck-lifesciences.com](http://www.ck-lifesciences.com).*