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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: 0775)

INTERIM RESULTS FOR 2009

For the first half of 2009, CK Life Sciences Int'l. (Holdings) Inc. ("CK Life Sciences" or the "Company") recorded profit attributable to shareholders of HK\$256.5 million, compared to HK\$8.3 million recorded during the same period in 2008.

| <u>HK\$ Million</u> | <u>1H 2009</u> | <u>1H 2008</u> | <u>Variation</u> |
|---|----------------|----------------|------------------|
| Profit attributable to shareholders | 256.5 | 8.3 | +2,990% |
| Fair value changes on financial instruments | 184.4 | (54.5) | N/A |
| Profit before fair value changes on financial instruments | 72.1 | 62.8 | +15% |

The large increase in profit for the first half of 2009 over 2008 is attributed to the posting of a HK\$184.4 million gain in fair value changes on financial instruments during the period under review, as compared to a loss of HK\$54.5 million for the same period last year.

Should the impact of mark-to-market changes be excluded, profit before fair value changes on financial instruments would have been HK\$72.1 million for the first half of 2009. As compared to the corresponding amount of HK\$62.8 million in the same period last year, this is a 15% increase, reflecting the result of the streamlining of operations, efficiency enhancement, cost control measures, as well as reduction of finance charges during the period under review.

The Board of Directors has not declared any interim dividend for the period under review (2008: Nil).

ENCOURAGING PROGRESS IN R&D

For the period under review, the Company continued to record steady progress with regard to R&D initiatives.

Advancements have been made in the Phase III clinical trials under Health Canada for CK Life Sciences' tetrodotoxin-based pain management product. The patient recruitment process continued to make good progress.

For the Company's melanoma vaccine, the R&D team is working towards the commencement of Phase III clinical trials, following a successful pre-Investigational New Drug meeting with the US FDA last year. The manufacturing of the melanoma vaccine for the clinical trials is progressing steadily.

At the pre-clinical stage, CK Life Sciences has identified two cancer projects for further development and studies are now ongoing in collaboration with Cedars-Sinai Medical Center – University of California at Los Angeles, as well as contract research organisations.

STEADY PERFORMANCE OF NUTRACEUTICAL BUSINESS

During the first half, the Company's nutraceutical businesses in Canada, the US and Australia performed satisfactorily. Total sales from the Company's health division amounted to nearly HK\$1 billion. On a local currency basis, the sales performance was in line with expectations. However, when the sales figures were converted into Hong Kong dollars, a decrease of 6% was recorded as compared with the same period last year due to the lower conversion rates of Australian and Canadian dollars against the Hong Kong dollar. The swine flu epidemic, which started to raise attention in the second quarter, has led to increased interest in health and demand for natural health supplements.

FOREIGN EXCHANGE AND PRICING AFFECTED AGRICULTURE BUSINESS

The Company's agriculture-related businesses recorded revenue of around HK\$345 million during the first half of 2009, a reduction of 38% when compared with the same period last year. The decrease can be attributed to changes in the exchange rate of the Australian dollar and in world commodity prices. Despite the decreased sales reported, the fundamentals of the business remain sound and demand for the Company's products remains strong.

GOING FORWARD

While there have been signs of improvement in the global financial situation during the first half of 2009, a full recovery in the overall business environment may take some time.

Despite the uncertainty of the future macro-economic conditions, the Company's fundamentals are well in place through consolidation of its businesses. The 2009 first half results demonstrated that CK Life Sciences' businesses are performing well.

The Company will continue to streamline its existing operations, through cost cutting and efficiency enhancement measures, in order to enhance margins and boost growth.

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

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 3 August 2009

FINANCIAL REVIEW

Financial Resources and Liquidity

As at 30 June 2009, the total assets of the Group were about HK\$6,700.9 million, of which bank balances and deposits were about HK\$437.6 million and treasury investments were about HK\$569.7 million. The bank interest generated for the first six months of 2009 was HK\$3.5 million. The net gain arising from the Group's investment segment for the period ended 30 June 2009 was HK\$206.9 million.

At the end of the period under review, the total liabilities were HK\$1,845.1 million, comprising total bank loans and overdrafts of HK\$1,054.9 million. These bank loans were raised for financing the acquisition of overseas subsidiaries as well as providing general working capital for some of the overseas subsidiaries. They are due for repayment by mid-2011. Total finance cost incurred for the six months ended 30 June 2009 was HK\$9.6 million. As at 30 June 2009, the Group's gearing ratio was approximately 13.1%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$437.6 million) over the equity attributable to equity holders of the Company. The net asset value of the Group was HK\$0.51 per share.

Treasury Policies

The Group continues to adopt a prudent treasury policy and manage most of its treasury functions at the head office regarding its funding needs, foreign exchange and interest rate exposures.

Most of the Group's financial instruments are denominated in US and Hong Kong dollars and thus exchange rate risk associated with such investments is low. The Group's borrowings are principally on a floating rate basis. To minimise its interest rate risk, the Group has been regularly and closely monitoring its overall net debt position, and reviewing its funding costs and loan maturity profile so as to facilitate refinancing whenever appropriate.

Charge on Assets

As at 30 June 2009, the Group's interests in certain subsidiary companies with carrying value of HK\$155.5 million were pledged as part of the security for a bank loan and overdraft totalling HK\$111.1 million granted to the subsidiary companies.

Material Acquisitions/Disposals and Significant Investments

In June 2009, the Group completed the disposal of a distribution division of an overseas subsidiary (the “Disposal”). The Disposal constitutes a discloseable transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and details of which are incorporated in the Company’s announcement issued on 1 June 2009 and included in the note 7 to the condensed consolidated financial statements for the period ended 30 June 2009.

The Group has always been investing significantly in research and development activities. Such expenditure amounted to about HK\$28.2 million for the period ended 30 June 2009.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 30 June 2009, the total capital commitments by the Group amounted to HK\$72,000 which were mainly made up of contracted commitments in respect of the acquisition of computers and equipments.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2009.

Information on Employees

The total number of full-time employee of the Group was 1,123 as at 30 June 2009, and is 218 less than the total headcount of 1,341 in the same period of 2008. The total staff costs, including director’s emoluments, amounted to approximately HK\$268.6 million for the six months ended 30 June 2009, which represents a decrease of 16% as compared to the same period of 2008. The decreases in headcount and staff costs were mainly due to the effective cost control of the Group. The Group’s employment and remuneration policies remained the same as detailed in the Company’s annual report for the year ended 31 December 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | For the six months ended 30 June | |
|-----------------------------------|---|-------------------------------------|-------------|
| | | 2009 | 2008 |
| | | (unaudited) | (unaudited) |
| <i>Notes</i> | | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| Turnover | 3 | 1,320,246 | 1,594,980 |
| Cost of sales | | (894,666) | (1,091,829) |
| | | 425,580 | 503,151 |
| Other income, gains and losses | 4 | 227,724 | (53,639) |
| Staff costs | 5 | (158,011) | (172,666) |
| Depreciation | | (14,046) | (13,463) |
| Amortisation of intangible assets | | (22,793) | (25,161) |
| Other operating expenses | | (174,015) | (183,755) |
| Finance costs | | (9,602) | (45,640) |
| Share of results of associates | | (6,777) | (4,045) |
| Profit before taxation | | 268,060 | 4,782 |
| Taxation | 6 | (11,466) | 3,018 |
| Profit for the period | | 256,594 | 7,800 |
| Attributable to: | | | |
| Equity holders of the Company | | 256,454 | 8,269 |
| Non-controlling interests | | 140 | (469) |
| | | 256,594 | 7,800 |
| Earnings per share | 8 | | |
| - Basic | | 2.67 cents | 0.09 cent |
| - Diluted | | 2.67 cents | 0.09 cent |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the six months ended 30 June | |
|---|-------------------------------------|---------------------------------|
| | 2009 (unaudited) HK\$'000 | 2008 (unaudited) HK\$'000 |
| Profit for the period | 256,594 | 7,800 |
| Other comprehensive income | | |
| Exchange difference arising from translation of overseas operations | 214,158 | 47,071 |
| Available-for-sale investments | 157 | - |
| Other investments | - | 1,795 |
| Other comprehensive income for the period | 214,315 | 48,866 |
| Total comprehensive income for the period | 470,909 | 56,666 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 470,769 | 57,135 |
| Non-controlling interests | 140 | (469) |
| | 470,909 | 56,666 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 June 2009 (unaudited) HK\$'000 | As at 31 December 2008 (audited) HK\$'000 |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | <i>10</i> | 435,284 | 432,803 |
| Prepaid lease for land | | 11,917 | 12,074 |
| Intangible assets | <i>11</i> | 3,789,598 | 3,722,997 |
| Interests in associates | | 38,544 | 44,472 |
| Convertible debentures issued by an associate | | 83,627 | 58,885 |
| Available-for-sale investments | | 193,659 | 209,343 |
| Investments at fair value through profit or loss | | 168,152 | 58,430 |
| Deferred taxation | | 22,525 | 19,076 |
| Long-term receivables | <i>7</i> | 77,030 | - |
| | | 4,820,336 | 4,558,080 |
| Current assets | | | |
| Debt investment | | 60,704 | 59,474 |
| Investments at fair value through profit or loss | | 109,807 | 139,351 |
| Derivative financial instruments | | 37,353 | 15,780 |
| Tax recoverable | | 4,977 | 3,629 |
| Inventories | | 453,289 | 463,711 |
| Receivables and prepayments | <i>12</i> | 776,807 | 615,195 |
| Deposit with financial institutions | | 7,269 | 44,952 |
| Bank balances and deposits | | 430,345 | 303,554 |
| | | 1,880,551 | 1,645,646 |
| Current liabilities | | | |
| Payables and accruals | <i>12</i> | (619,265) | (588,995) |
| Derivative financial instruments | | (72,663) | (99,398) |
| Bank overdrafts | <i>13</i> | (4,666) | (7,445) |
| Finance lease obligations | | (442) | (494) |
| Taxation | | (41,557) | (19,945) |
| | | (738,593) | (716,277) |
| Net current assets | | 1,141,958 | 929,369 |
| Total assets less current liabilities | | 5,962,294 | 5,487,449 |

Condensed Consolidated Statement of Financial Position (Cont'd)

| | | As at 30 June 2009 (unaudited) HK\$'000 | As at 31 December 2008 (audited) HK\$'000 |
|---|--------------|---|---|
| | <i>Notes</i> | <u> </u> | <u> </u> |
| Non-current liabilities | | | |
| Bank loans | <i>13</i> | (1,050,267) | (1,045,675) |
| Finance lease obligations | | (1,075) | (1,108) |
| Loan from a non-controlling shareholder | | (28,798) | (25,907) |
| Deferred taxation | | (26,373) | (29,887) |
| | | <u>(1,106,513)</u> | <u>(1,102,577)</u> |
| Total net assets | | <u>4,855,781</u> | <u>4,384,872</u> |
| Capital and reserves | | | |
| Share capital | <i>14</i> | 961,107 | 961,107 |
| Share premium and reserves | | 3,780,430 | 3,309,661 |
| Equity attributable to equity holders of the Company | | 4,741,537 | 4,270,768 |
| Non-controlling interests | | 114,244 | 114,104 |
| Total equity | | <u>4,855,781</u> | <u>4,384,872</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital (unaudited) HK\$'000 | Share premium (unaudited) HK\$'000 | Investment revaluation reserve (unaudited) HK\$'000 | Translation reserve (unaudited) HK\$'000 | Employee share-based compensation reserve (unaudited) HK\$'000 | Accumulated losses (unaudited) HK\$'000 | Equity attributable to holders of the Company (unaudited) HK\$'000 | Non- controlling interests (unaudited) HK\$'000 | Total equity (unaudited) HK\$'000 |
|---|---|---|---|---|---|--|---|---|---|
| 2008 | | | | | | | | | |
| At 1 January 2008 | 961,107 | 4,147,543 | (1,795) | 93,935 | 7,291 | (56,768) | 5,151,313 | 115,419 | 5,266,732 |
| Exchange difference arising from translation | - | - | - | 47,071 | - | - | 47,071 | - | 47,071 |
| Income recognised directly in equity | - | - | - | 47,071 | - | - | 47,071 | - | 47,071 |
| Profit for the period | - | - | - | - | - | 8,269 | 8,269 | (469) | 7,800 |
| Release on disposal of investments | - | - | 1,795 | - | - | - | 1,795 | - | 1,795 |
| Total comprehensive income for the period | - | - | 1,795 | 47,071 | - | 8,269 | 57,135 | (469) | 56,666 |
| Employee's share option lapsed during the period | - | - | - | - | (463) | 463 | - | - | - |
| At 30 June 2008 | 961,107 | 4,147,543 | - | 141,006 | 6,828 | (48,036) | 5,208,448 | 114,950 | 5,323,398 |
| 2009 | | | | | | | | | |
| At 1 January 2009 | 961,107 | 4,147,543 | - | (436,637) | 6,126 | (407,371) | 4,270,768 | 114,104 | 4,384,872 |
| Exchange difference arising from translation | - | - | - | 214,158 | - | - | 214,158 | - | 214,158 |
| Fair value change of available-for sale investments | - | - | 157 | - | - | - | 157 | - | 157 |
| Income recognised directly in equity | - | - | 157 | 214,158 | - | - | 214,315 | - | 214,315 |
| Profit for the period | - | - | - | - | - | 256,454 | 256,454 | 140 | 256,594 |
| Total comprehensive income for the period | - | - | 157 | 214,158 | - | 256,454 | 470,769 | 140 | 470,909 |
| Employee's share option lapsed during the period | - | - | - | - | (1,288) | 1,288 | - | - | - |
| At 30 June 2009 | 961,107 | 4,147,543 | 157 | (222,479) | 4,838 | (149,629) | 4,741,537 | 114,244 | 4,855,781 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the six months ended 30 June | |
|--|-------------------------------------|-------------|
| | 2009 | 2008 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash from/(used in) operating activities | 59,157 | (33,769) |
| Net cash inflow/(outflow) from investing activities | 80,993 | (287,413) |
| Net cash (outflow)/inflow from financing activities | (10,580) | 118,194 |
| Increase/(decrease) in cash and cash equivalents | 129,570 | (202,988) |
| Cash and cash equivalents at beginning of the period | 296,109 | 753,500 |
| Cash and cash equivalents at end of the period | 425,679 | 550,512 |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Listing Rules.

They have also been prepared under the historical cost convention, except for certain properties and financial instruments which are measured at revaluated amounts or fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2008 (the “2008 Financial Statements”), except for the amendments and interpretations of Hong Kong Financial Reporting Standards (“New HKFRSs”) issued by HKICPA which have become effective in this period as detail in note 2 of the 2008 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s interim financial statements for the period.

2. Comparative figures

As detailed in the notes 2 and 5 of the 2008 Financial Statements, the Group had adopted HK(IFRIC) Interpretation 12 “Service Concession Arrangements” (the “Interpretation 12”) in preparing the 2008 Financial Statements. In accordance with the Interpretation 12, the Group’s water treatment plant, which was classified as property, plant and equipment previously, should be classified as concession assets under intangible assets. Accordingly, certain comparative figures of these interim financial statements have been restated to conform with the adoption of Interpretation 12 and the effects are summarised as follows:

| | For the six months ended 30 June 2008 HK\$’000 |
|---|--|
| Decrease in depreciation | 2,005 |
| Increase in amortisation of intangible assets | <u>(2,005)</u> |
| Increase in profit for the period | <u>-</u> |

3. Turnover and segment information

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:

A. Segment turnover

An analysis of the business segment turnover is as follows:

| | For the six months ended 30 June | |
|-------------|-------------------------------------|------------------|
| | 2009 | 2008 |
| | <u>HK\$'000</u> | <u>HK\$'000</u> |
| Environment | 344,452 | 553,608 |
| Health | 966,721 | 1,031,822 |
| Investment | 9,073 | 9,550 |
| | <u>1,320,246</u> | <u>1,594,980</u> |

B. Segment results

An analysis of the business segment results is as follows:

| | For the six months ended 30 June | |
|--------------------------------------|-------------------------------------|-----------------|
| | 2009 | 2008 |
| | <u>HK\$'000</u> | <u>HK\$'000</u> |
| Business segment results | | |
| Environment | 26,705 | 66,756 |
| Health | 114,830 | 87,309 |
| Investment | 206,910 | (50,331) |
| | <u>348,445</u> | <u>103,734</u> |
| Business development expenditure | (8,343) | (12,665) |
| Research and development expenditure | (27,422) | (11,217) |
| Corporate expenses | (28,241) | (25,385) |
| Finance costs | (9,602) | (45,640) |
| Share of results of associates | (6,777) | (4,045) |
| | <u>268,060</u> | <u>4,782</u> |
| Profit before taxation | 268,060 | 4,782 |
| Taxation | (11,466) | 3,018 |
| | <u>(11,466)</u> | <u>3,018</u> |
| Profit for the period | <u>256,594</u> | <u>7,800</u> |

4. Other income, gains and losses

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------------|
| | 2009 | 2008 |
| | <u>HK\$'000</u> | <u>HK\$'000</u> |
| Included in other income, gains and losses are: | | |
| Interest income from bank deposits | 3,517 | 9,467 |
| Gain on disposal of a distribution division of an overseas subsidiary (note 7) | 20,863 | - |
| Reversal of impairment on available-for-sale investments | 26,659 | - |
| Net gain/(loss) on investment at fair value through profit or loss, and derivative financial statements | <u>165,962</u> | <u>(70,532)</u> |

5. Staff costs

Staff costs which include salaries, bonuses, retirement benefit scheme contribution and recruitment costs for the six months ended 30 June 2009 amounted to HK\$268.6 million (2008: HK\$ 318.8 million) of which HK\$110.6 million (2008: HK\$137.2 million) were allocated to costs of sales. In 2008, staff costs of HK\$8.9 million relating to development activities were capitalised.

6. Taxation

| | For the six months ended 30 June | |
|---------------------|-------------------------------------|-----------------|
| | 2009 | 2008 |
| | <u>HK\$'000</u> | <u>HK\$'000</u> |
| Current tax | | |
| Hong Kong | 4,430 | (3) |
| Other jurisdictions | 14,990 | 9,035 |
| Deferred tax | | |
| Hong Kong | - | - |
| Other jurisdictions | <u>(7,954)</u> | <u>(12,050)</u> |
| | <u>11,466</u> | <u>(3,018)</u> |

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. Disposal of a distribution division of an overseas subsidiary

As detailed in the announcement of the Company dated 1 June 2009, Vitaquest International LLC (“Vitaquest LLC”), an indirect non-wholly owned subsidiary of the Company, entered into an asset purchase agreement with Windmill Health Products, LLC (the “Purchaser”), an independent third party, on 29 May 2009 under which Vitaquest LLC agreed to sell and the Purchaser agreed to purchase all of the operating assets (the “Transferred Assets”) of a distribution division of Vitaquest LLC (the “Disposal”). The principal activity of Vitaquest LLC is the supplying and manufacturing of nutritional supplements. There is no change in the principal activity of Vitaquest LLC upon the completion of the Disposal.

The total consideration of the Disposal was US\$20,195,000 (approximately HK\$157,521,000), which was satisfied by cash of US\$600,000 (approximately HK\$4,680,000) and a promissory note issued by the Purchaser with principal amount of US\$19,595,000 (approximately HK\$152,841,000) (the “Promissory Note”). The aggregate carrying value of the Transferred Assets was approximately HK\$136,490,000, including account receivables, inventories, fixed assets, trademark and distribution network. The resultant gain of the Disposal, net of other disposal expenses, was HK\$20,863,000.

The Promissory Note carries a fixed interest of 5% per annum and is secured by a first position lien and security interest in all assets owned by the Purchaser. The payment of the principal and interest under the Promissory Note shall be made in thirty-six monthly installments on the first day of each calendar month commencing on 1 July 2009. As at 30 June 2009, the outstanding principal of the Promissory Note was HK\$152,841,000, which was analysed as below:

| | As at 30 June 2009 HK\$'000 |
|---|--|
| Current portion included in receivable and prepayment | 75,811 |
| Non-current portion included in long-term receivable | 77,030 |

8. Earnings 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:

| | For the six months ended 30 June | |
|---|---|----------------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | | |
| Profit for calculating basic and diluted earnings per share | <u>256,454</u> | <u>8,269</u> |
| Number of shares | | |
| Weighted average number of ordinary shares in issue used in the calculation of basic and diluted earnings per share | <u>9,611,072,400</u> | <u>9,611,072,400</u> |

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options for the six months ended 30 June 2009 and 2008.

9. Dividends

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2009 (2008: Nil).

10. Property, plant and equipment

| | Freehold land and building | Construction in progress | Laboratory instruments, plant and equipment | Furniture, fixtures and other assets | Leasehold improvement | Total |
|--|-------------------------------------|-----------------------------|--|--|--------------------------|----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Cost or valuation | | | | | | |
| At 1 January 2009 | 168,713 | 15,279 | 334,152 | 95,401 | 61,072 | 674,617 |
| Net additions/(disposal) | - | 7,030 | (13,704) | (2,403) | (6,473) | (15,550) |
| Disposal of a distribution division of an overseas subsidiary (note 7) | - | - | (494) | (6,162) | (1,707) | (8,363) |
| Exchange difference | 13,871 | 1,077 | 24,441 | 3,015 | 1,981 | 44,385 |
| At 30 June 2009 | 182,584 | 23,386 | 344,395 | 89,851 | 54,873 | 695,089 |
| Accumulated depreciation | | | | | | |
| At 1 January 2009 | 1,949 | - | 151,195 | 68,531 | 20,139 | 241,814 |
| Provided and disposal for the period | 1,496 | - | 10,284 | 1,500 | 1,861 | 15,141 |
| Disposal of a distribution division of an overseas subsidiary (note 7) | - | - | (430) | (5,469) | (1,096) | (6,995) |
| Exchange difference | 396 | - | 7,211 | 1,975 | 263 | 9,845 |
| At 30 June 2009 | 3,841 | - | 168,260 | 66,537 | 21,167 | 259,805 |
| Net book value | | | | | | |
| At 30 June 2009 | 178,743 | 23,386 | 176,135 | 23,314 | 33,706 | 435,284 |
| At 31 December 2008 | 166,764 | 15,279 | 182,957 | 26,870 | 40,933 | 432,803 |

11. Intangible assets

| | Development costs | Patents | Goodwill | Trademark | Customer relationship | Distribution network | Concession assets | Other intangible assets | Total |
|---|----------------------|---------------|------------------|---------------|--------------------------|-------------------------|----------------------|-------------------------------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Cost | | | | | | | | | |
| At 1 January 2009 | 456,524 | 18,101 | 2,817,477 | 105,706 | 328,357 | 37,463 | 83,530 | 7,627 | 3,854,785 |
| Net additions | 10,174 | 113 | - | - | - | - | - | 199 | 10,486 |
| Disposal of a distribution division of an overseas subsidiary (note 7) | - | - | - | (26,481) | - | (37,463) | - | - | (63,944) |
| Exchange difference | 21 | 21 | 100,420 | 4,827 | 19,319 | - | 12,887 | 1,164 | 138,659 |
| At 30 June 2009 | 466,719 | 18,235 | 2,917,897 | 84,052 | 347,676 | - | 96,417 | 8,990 | 3,939,986 |
| Amortisation | | | | | | | | | |
| At 1 January 2009 | 18,946 | 2,720 | - | - | 73,601 | 9,969 | 23,894 | 2,658 | 131,788 |
| Provided for the period | 1,867 | 245 | - | - | 15,287 | 1,617 | 2,842 | 935 | 22,793 |
| Disposal of a distribution division of an overseas subsidiary (note 7) | - | - | - | - | - | (11,586) | - | - | (11,586) |
| Exchange difference | 17 | 17 | - | - | 3,925 | - | 2,773 | 661 | 7,393 |
| At 30 June 2009 | 20,830 | 2,982 | - | - | 92,813 | - | 29,509 | 4,254 | 150,388 |
| Net book value | | | | | | | | | |
| At 30 June 2009 | 445,889 | 15,253 | 2,917,897 | 84,052 | 254,863 | - | 66,908 | 4,736 | 3,789,598 |
| At 31 December 2008 | 437,578 | 15,381 | 2,817,477 | 105,706 | 254,756 | 27,494 | 59,636 | 4,969 | 3,722,997 |

12. Receivables and payables

The Group has a policy of allowing an average credit period of 30 to 90 days to its customers. Aging analyses of trade debtors and trade creditors are as follows:

| | As at 30 June 2009 HK\$'000 | As at 31 December 2008 HK\$'000 |
|----------------------------|--|--|
| Trade debtors | | |
| Current | 258,659 | 255,114 |
| Less than 90 days past due | 194,484 | 164,336 |
| Over 90 days past due | <u>24,035</u> | <u>56,442</u> |
| | <u>477,178</u> | <u>475,892</u> |
| | | |
| Trade creditors | | |
| Current to 90 days | 243,415 | 222,692 |
| Over 90 days | <u>21,775</u> | <u>36,598</u> |
| | <u>265,190</u> | <u>259,290</u> |

13. Bank loans and bank overdrafts

Certain bank loans and bank overdrafts are secured by a charge over the assets of certain subsidiary companies.

14. Share capital

| | Number of shares of HK\$ 0.10 each '000 | Nominal value HK\$'000 |
|--------------------------------------|--|-----------------------------------|
| Authorised | | |
| At 31 December 2008 and 30 June 2009 | <u>15,000,000</u> | <u>1,500,000</u> |
| Issued and fully paid | | |
| At 31 December 2008 and 30 June 2009 | <u>9,611,073</u> | <u>961,107</u> |

15. Related party transactions

During the six months ended 30 June 2009, the Group entered into the following transactions with related parties:

- a) The Group made sales of HK\$9.6 million (2008: HK\$13.9 million) to Hutchison International Limited (“HIL”) group. HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited which is the associate of a substantial shareholder of the Company, Cheung Kong (Holdings) Limited.
- b) The Group leased certain properties from Leknarf Associates, LLC (“Leknarf”) which is an associate of a non-controlling shareholder of a non-wholly owned subsidiary company, Vitaquest International Holdings LLC (“Vitaquest”). The total rental payment by the Group to Leknarf amounted to HK\$8.6 million in 2009 (2008: HK\$6.9 million).

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

During the six months ended 30 June 2009, 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 Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2009.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 26 June 2002 and has formulated its written terms of reference, which may from time to time be modified, 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 auditor of the Company.

The Group's interim results for the six months ended 30 June 2009 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

According to the Code on CG Practices, the Company established its remuneration committee (“Remuneration Committee”) on 1 January 2005 with a majority of the members being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman, Mr. Li Tzar Kuoi, Victor (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel.

As at the date of this document, 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).