

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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 2012

2012 FIRST HALF RESULTS

<u>HK\$ Million</u>	<u>1H 2012</u>	<u>1H 2011</u>	<u>Variance</u>
Turnover	2,296.1	1,720.2	+33%
Agriculture-related	807.2	591.2	+37%
Health	1,482.9	1,123.7	+32%
Investment	6.0	5.3	+13%
Profit attributable to shareholders	115.6	82.3	+40%

CK Life Sciences Int'l., (Holdings) Inc. (“CK Life Sciences” or the “Company”) achieved a strong performance during the first half of 2012.

For the six months ended 30 June 2012, profit attributable to shareholders increased 40% over the same period last year, amounting to HK\$115.6 million.

Turnover was HK\$2,296.1 million, an increase of 33% over the corresponding period in 2011. Good revenue growth was recorded in the agriculture-related and health businesses.

The Board of Directors has not declared any interim dividend for the period under review (2011: Nil).

AGRICULTURE-RELATED BUSINESS

During the period under review, the Company's agriculture-related business recorded a revenue of HK\$807.2 million, an increase of 37% over the same period last year. This growth was mainly attributable to the recently acquired vineyards and Peaty Trading Group ("Peaty").

The period under review represented a full six-month of profit contribution from Challenger Wine Trust which was acquired in February 2011, as well as Qualco West Vineyard, of which the transaction was completed in October 2011.

The acquisition of Peaty in Australia was completed in February 2012 and has provided four months of immediate profit contribution to the Company during the period under review. Peaty is the second largest supplier of products and services in the professional turf management industry and the pest management industry in Australia. Subsequent to the completion of the transaction, the businesses were consolidated under CK Life Sciences' Amgrow Pty Ltd, making it one of the largest suppliers of agricultural products and services in Australia, particularly in turf management, home garden products and pest management.

Satisfactory performance was reported for CK Life Sciences' other agriculture-related businesses.

NUTRACEUTICAL BUSINESS

CK Life Sciences' nutraceutical business recorded a 32% growth in turnover at HK\$1,482.9 million.

The Company's portfolio of nutraceutical business delivered good results. Both Vitaquest International Holdings LLC in the United States, and Lipa Pharmaceuticals Limited in Australia achieved pleasing growth in sales revenue. The increase was mainly driven by the rise in customer demand.

RESEARCH AND DEVELOPMENT

CK Life Sciences continued to record good progress in our R&D activities.

Research on the Company's melanoma vaccine through its United States subsidiary Polynoma LLC ("Polynoma") for the treatment of skin cancer has reached a new milestone.

In January, the U.S. Food and Drug Administration (FDA) cleared Polynoma's Investigational New Drug application for Phase III clinical testing of its melanoma vaccine in the United States. This made CK Life Sciences one of a few Asian companies to obtain clearance from the FDA to commence Phase III clinical testing of a new drug. The trial programme is designed to enrol over 1,000 patients in the United States and Europe. Patient enrolment has started in June and the first patient has been dosed.

In regard to WEX Pharmaceuticals Inc.'s tetrodotoxin ("TTX")-based cancer pain management product, continued progress was made during the period under review.

PROSPECTS

We are confident in the future prospects of CK Life Sciences.

Recent acquisitions have strengthened our agriculture-related business; and steady organic growth is expected within our existing operations in both agriculture-related and health businesses.

The commencement of the Phase III clinical testing of the melanoma vaccine is poised to take us to the next stage of development for this product.

With cash and liquid assets on hand of HK\$1.1 billion and a net debt to equity ratio of 35%, we will continue to explore opportunities for acquisitions around the world.

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

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 19 July 2012

FINANCIAL REVIEW

Financial Resources and Liquidity

As at 30 June 2012, the total assets of the Group were about HK\$9,245.3 million, of which bank balances and time deposits were about HK\$601.3 million and treasury investments were about HK\$520.0 million. The bank interest generated for the first six months of 2012 was HK\$5.2 million. The net gain arising from the Group's investment segment for the period ended 30 June 2012 was HK\$30.3 million.

At the end of the period under review, the total liabilities of the Group were HK\$3,642.7 million, comprising borrowings from banks and major shareholders amounted to HK\$1,696.3 million and HK\$756.0 million, respectively. The financing from banks and major shareholders was mainly used for financing the acquisition of overseas business as well as providing general working capital for some of the overseas business. Total finance cost incurred by the Group for the six months ended 30 June 2012 was HK\$45.7 million.

As at 30 June 2012, the Group's gearing ratio was approximately 35.3%, which is calculated as the Group's net borrowings over the equity attributable to shareholders of the Company. For this purpose, the Group defines net borrowings as total borrowings (including bank borrowings, bank overdrafts, finance lease obligations and other borrowings) less cash, bank balances and time deposits.

The net asset value of the Group was HK\$0.58 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 United States dollars 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 2012, certain assets of the Group's subsidiary companies with carrying value of HK\$1,634.7 million were pledged as part of the security for bank borrowings totalling HK\$748.3 million granted to the subsidiary companies.

Material Acquisitions/Disposals and Significant Investments

In February 2012, the Group completed the acquisition of the entire interests in Peaty Trading Operation (as defined below) from several independent third parties at a cash consideration of approximately A\$31.3 million (approximately HK\$257.0 million). Peaty Trading Operation mainly comprises three privately owned operating companies incorporated under the laws of Australia with limited liabilities, which collectively form a vertically integrated producer, wholesaler and distributor of plant protection, specialty fertilisers and pest control products for the professional turf, agricultural, horticultural and urban pest control market, with operations across Australia (the “Peaty Trading Operation”). Details of which are incorporated in the Company’s announcement issued on 4 January 2012.

Other than the aforementioned, there was no material acquisition/disposal during the period under review.

The Group has always been investing significantly in research and development activities. Such expenditure amounted to about HK\$94.5 million for the period ended 30 June 2012.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 30 June 2012, the total capital commitments by the Group amounted to HK\$19.9 million which were mainly made up of contracted/authorised commitments in respect of the acquisition of plant and equipment.

Information on Employees

The total number of full-time employee of the Group was 1,294 as at 30 June 2012, and is 145 more than the total headcount of 1,149 as at 30 June 2011. The total staff costs, including director’s emoluments, amounted to approximately HK\$433.7 million for the six months ended 30 June 2012, which represents an increase of 24% as compared to the same period of 2011. The Group’s employment and remuneration policies remained the same as detailed in the Company’s annual report for the year ended 31 December 2011.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2012	2011
		(unaudited)	(unaudited)
Notes		HK\$'000	HK\$'000
Turnover	2	2,296,051	1,720,191
Cost of sales		<u>(1,543,335)</u>	<u>(1,168,789)</u>
		752,716	551,402
Other income, gains and losses		17,813	56,440
Staff costs	3	(211,546)	(183,180)
Depreciation		(8,853)	(8,717)
Amortisation of intangible assets		(23,988)	(22,486)
Other expenses		(304,623)	(235,045)
Finance costs		(45,695)	(45,424)
Share of results of associates		(1,730)	11
Profit before taxation		<u>174,094</u>	113,001
Taxation	4	(45,348)	(52,002)
Profit for the period	5	<u>128,746</u>	<u>60,999</u>
Attributable to:			
Shareholders of the Company		115,630	82,332
Non-controlling interests of subsidiaries		13,116	(21,333)
		<u>128,746</u>	<u>60,999</u>
Earnings per share	6		
- Basic		<u>1.20 cents</u>	0.86 cent
- Diluted		<u>1.20 cents</u>	0.86 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012	2011
	<u>(unaudited)</u> HK\$'000	<u>(unaudited)</u> HK\$'000
Profit for the period	<u>128,746</u>	<u>60,999</u>
Other comprehensive (expenses)/income		
Exchange differences arising from translation of foreign operations	(25,043)	145,872
Loss on fair value changes of available-for-sale investments	<u>(68,927)</u>	<u>(6,338)</u>
Other comprehensive (expenses)/income for the period	<u>(93,970)</u>	<u>139,534</u>
Total comprehensive income for the period	<u><u>34,776</u></u>	<u><u>200,533</u></u>
Total comprehensive (expenses)/income attributable to:		
Shareholders of the Company	20,730	209,902
Non-controlling interests of subsidiaries	<u>14,046</u>	<u>(9,369)</u>
	<u><u>34,776</u></u>	<u><u>200,533</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2012 (unaudited) HK\$'000	As at 31 December 2011 (audited) HK\$'000
	Notes		
Non-current assets			
Investment properties	8	812,053	813,502
Vines	8	540,459	537,571
Property, plant and equipment	9	585,930	575,962
Intangible assets	10	4,271,609	4,133,396
Interests in associates		16,699	18,622
Available-for-sale investments		276,892	368,621
Investments at fair value through profit or loss		165,274	153,130
Deferred taxation		42,658	23,718
		6,711,574	6,624,522
Current assets			
Investments at fair value through profit or loss		73,078	76,083
Derivative financial instruments		4,739	3,102
Tax recoverable		1,189	42
Inventories		781,554	650,886
Receivables and prepayments	11	1,071,867	983,985
Time deposits		22,710	91,200
Bank balances and deposits		578,610	380,415
		2,533,747	2,185,713
Current liabilities			
Payables and accruals	11	(1,004,366)	(822,767)
Derivative financial instruments		(38,995)	(37,151)
Finance lease obligations		(226)	(373)
Taxation		(84,253)	(61,988)
		(1,127,840)	(922,279)
Net current assets		1,405,907	1,263,434
Total assets less current liabilities		8,117,481	7,887,956

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONT'D)**

		As at 30 June 2012 (unaudited) HK\$'000	As at 31 December 2011 (audited) HK\$'000
	Notes		
Non-current liabilities			
Bank borrowings	12	(1,696,300)	(1,691,606)
Finance lease obligations		(1,225)	(1,277)
Other borrowings	13	(789,949)	(536,201)
Deferred taxation		(27,394)	(26,314)
		<u>(2,514,868)</u>	<u>(2,255,398)</u>
Total net assets		<u>5,602,613</u>	<u>5,632,558</u>
Capital and reserves			
Share capital	14	961,107	961,107
Share premium and reserves		4,379,004	4,407,652
Equity attributable to shareholders of the Company		5,340,111	5,368,759
Non-controlling interests of subsidiaries		262,502	263,799
Total equity		<u>5,602,613</u>	<u>5,632,558</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company							Attributable to non-controlling interests of subsidiaries				
	Share capital (unaudited)	Share premium (unaudited)	Investment revaluation reserve (unaudited)	Translation reserve (unaudited)	Employee share-based compensation reserve (unaudited)	Other reserves (unaudited)	(Accumulated losses) / retained earnings (unaudited)	Subtotal (unaudited)	Share option reserve of a subsidiary (unaudited)	Non-controlling interests of subsidiaries (unaudited)	Subtotal (unaudited)	Total (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2011												
At 1 January 2011	961,107	4,147,543	214,355	241,614	4,545	(47,497)	(10,141)	5,511,526	798	110,129	110,927	5,622,453
Profit for the period	-	-	-	-	-	-	82,332	82,332	-	(21,333)	(21,333)	60,999
Exchange differences arising from translation	-	-	-	133,929	-	-	-	133,929	91	11,852	11,943	145,872
(Loss)/gain on fair value changes of available-for-sale investments	-	-	(6,359)	-	-	-	-	(6,359)	-	21	21	(6,338)
Total comprehensive (expenses) / income for the period	-	-	(6,359)	133,929	-	-	82,332	209,902	91	(9,460)	(9,369)	200,533
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	152,994	152,994	152,994
Capital injection of a subsidiary attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	103,890	103,890	103,890
Acquisition of additional interests in subsidiaries	-	-	-	-	-	2,230	-	2,230	-	(58,333)	(58,333)	(56,103)
Employees' share option benefits for a subsidiary	-	-	-	-	-	-	-	-	185	24	209	209
Employees' share option of a subsidiary exercised	-	-	-	-	-	-	-	-	(252)	566	314	314
Employees' share option of a subsidiary lapsed	-	-	-	-	-	-	939	939	(822)	(117)	(939)	-
Employees' share option of the Company lapsed	-	-	-	-	(120)	-	120	-	-	-	-	-
Dividends paid to the shareholders of the Company – 2010 final dividend HK\$0.005 per share	-	(48,055)	-	-	-	-	-	(48,055)	-	-	-	(48,055)
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(16,303)	(16,303)	(16,303)
At 30 June 2011	961,107	4,099,488	207,996	375,543	4,425	(45,267)	73,250	5,676,542	-	283,390	283,390	5,959,932
2012												
At 1 January 2012	961,107	4,099,488	37,489	194,774	4,351	(45,267)	116,817	5,368,759	-	263,799	263,799	5,632,558
Profit for the period	-	-	-	-	-	-	115,630	115,630	-	13,116	13,116	128,746
Exchange differences arising from translation	-	-	-	(25,973)	-	-	-	(25,973)	-	930	930	(25,043)
Loss on fair value changes of available-for-sale investments	-	-	(68,927)	-	-	-	-	(68,927)	-	-	-	(68,927)
Total comprehensive (expenses) / income for the period	-	-	(68,927)	(25,973)	-	-	115,630	20,730	-	14,046	14,046	34,776
Capital injection of a subsidiary attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	9,360	9,360	9,360
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(1,323)	-	(1,323)	-	(8,037)	(8,037)	(9,360)
Employees' share option of the Company lapsed	-	-	-	-	(10)	-	10	-	-	-	-	-
Dividends paid to the shareholders of the Company – 2011 final dividend HK\$0.005 per share	-	(48,055)	-	-	-	-	-	(48,055)	-	-	-	(48,055)
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(16,666)	(16,666)	(16,666)
At 30 June 2012	961,107	4,051,433	(31,438)	168,801	4,341	(46,590)	232,457	5,340,111	-	262,502	262,502	5,602,613

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	222,320	30,795
Net cash outflow from investing activities	(156,393)	(85,637)
Net cash inflow from financing activities	132,268	46,197
Increase / (decrease) in cash and cash equivalents	198,195	(8,645)
Cash and cash equivalents at beginning of the period	380,415	575,209
Cash and cash equivalents at end of the period	578,610	566,564

NOTES TO THE 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have 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 2011 (the “2011 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 detailed in note 2 of the 2011 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. Turnover and Segment Information

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

A. Segment turnover

An analysis of the segment turnover is as follows:

	For the six months ended 30 June	
	2012	2011
	HK\$’000	HK\$’000
Agriculture-related	807,164	591,203
Health	1,482,908	1,123,731
Investment	5,979	5,257
	<u>2,296,051</u>	<u>1,720,191</u>

B. Segment results

An analysis of the segment results is as follows:

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Segment results		
Agriculture-related	142,544	130,050
Health	196,301	115,138
Investment	30,335	24,772
	<u>369,180</u>	<u>269,960</u>
Business development expenditure	(9,302)	(8,660)
Research and development expenditure	(94,535)	(62,503)
Corporate expenses	(43,824)	(40,383)
Finance costs	(45,695)	(45,424)
Share of results of associates	(1,730)	11
Profit before taxation	<u>174,094</u>	<u>113,001</u>
Taxation	(45,348)	(52,002)
Profit for the period	<u>128,746</u>	<u>60,999</u>

3. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions, share-based payment and recruitment costs for the six months ended 30 June 2012 amounted to HK\$433.7 million (2011: HK\$351.0 million) of which HK\$222.1 million (2011: HK\$167.8 million) relating to direct labor costs was included in cost of sales.

4. Taxation

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Current tax		
Hong Kong	(686)	3,117
Other jurisdictions	58,790	61,847
Deferred tax		
Hong Kong	-	-
Other jurisdictions	(12,756)	(12,962)
	<u>45,348</u>	<u>52,002</u>

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

5. Profit for The Period

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Profit for the period has been arrived at after crediting/(charging):		
Included in turnover:		
Rental income from investment properties	113,810	92,295
Included in other income, gains and losses:		
Interest income from bank deposits	5,240	6,149
Gain on acquisition of a subsidiary	-	138,518
Gain/(loss) on fair value change of investment properties and vines	260	(114,194)
Net gain on investments at fair value through profit or loss, and derivative financial instruments	10,467	13,754

6. Earnings Per Share

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

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Profit for the period attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	115,630	82,332
Number of shares		
Number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	9,611,073,000	9,611,073,000

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 2012 and 2011.

7. Dividends

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2012 (2011: Nil).

8. Investment Properties and Vines

	Investment properties	Vines
	HK\$'000	HK\$'000
Valuation		
At 1 January 2012	813,502	537,571
Additions	1,187	-
Disposals	(8,015)	-
Net increase in fair value recognised in profit or loss	260	-
Exchange differences	5,119	2,888
At 30 June 2012	812,053	540,459

The investment properties and vines situated abroad were revalued by the Directors of the Group by reference to the independent valuations from accredited industry valuers. The valuation of investment properties was determined by reference to market evidence of recent transaction prices for similar properties and replacement cost approach. Valuations of vines are residuals from the valuation of vineyards after deducting value of investment properties and water rights. The valuations of vineyards are determined by discounting the expected future cash flows from the vineyards.

9. Property, Plant and Equipment

	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 2012	309,717	11,102	469,366	130,522	93,283	1,013,990
Additions	1,961	11,933	10,559	1,759	1,865	28,077
Arising from acquisition of subsidiaries	-	-	2,134	8,641	-	10,775
Reclassification	-	(7,520)	7,037	114	369	-
Disposals	-	-	(14,709)	(915)	-	(15,624)
Exchange differences	(1,007)	(38)	(2,806)	(1,768)	(51)	(5,670)
At 30 June 2012	310,671	15,477	471,581	138,353	95,466	1,031,548
Depreciation and impairment						
At 1 January 2012	17,414	-	265,954	110,605	44,055	438,028
Provided for the period	2,198	-	16,156	4,347	3,092	25,793
Elimination upon disposals	-	-	(13,291)	(625)	-	(13,916)
Exchange differences	(460)	-	(2,356)	(1,447)	(24)	(4,287)
At 30 June 2012	19,152	-	266,463	112,880	47,123	445,618
Carrying Values						
At 30 June 2012	291,519	15,477	205,118	25,473	48,343	585,930
At 31 December 2011	292,303	11,102	203,412	19,917	49,228	575,962

10. Intangible Assets

	Development costs	Patents	Goodwill	Trademarks	Customer relationship	Distribution network	Concession assets	Water rights	Other intangible assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost										
At 1 January 2012										
Additions	475,353	198	3,116,035	97,849	388,644	-	122,966	183,301	3,953	4,388,299
Arising from acquisition of subsidiaries	9,360	-	-	-	-	-	-	-	-	9,360
Exchange differences	-	-	126,191	-	-	31,911	-	-	6,028	164,130
	(1,025)	(1)	(7,788)	(359)	(539)	(1,167)	(311)	(463)	(235)	(11,888)
At 30 June 2012	483,688	197	3,234,438	97,490	388,105	30,744	122,655	182,838	9,746	4,549,901
Amortisation and impairment										
At 1 January 2012										
Provided for the period	597	162	-	-	198,479	-	49,930	3,856	1,879	254,903
Exchange differences	-	-	-	-	19,756	1,602	2,487	-	143	23,988
	(2)	-	-	-	(392)	(22)	(160)	(10)	(13)	(599)
At 30 June 2012	595	162	-	-	217,843	1,580	52,257	3,846	2,009	278,292
Carrying values										
At 30 June 2012	483,093	35	3,234,438	97,490	170,262	29,164	70,398	178,992	7,737	4,271,609
At 31 December 2011	474,756	36	3,116,035	97,849	190,165	-	73,036	179,445	2,074	4,133,396

11. Receivables and Payables

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

The ageing analysis of trade receivables and trade payables are as follows:

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Trade receivables		
0 - 90 days	798,787	671,660
Over 90 days	87,043	91,689
	885,830	763,349
Trade payables		
0 - 90 days	330,880	291,021
Over 90 days	28,516	4,879
	359,396	295,900

12. Bank Borrowings

Certain bank borrowings are secured by charges over the assets of certain subsidiary companies.

13. Other Borrowings

Included in the other borrowings are term loans of HK\$756 million obtained from certain substantial shareholders of the Company and their subsidiaries, which are unsecured, bearing interest with reference to Hong Kong Interbank Offered Rate plus margins ranging from 1% to 2% per annum, and with due dates ranging from January 2014 to February 2017. During the period, total interest expenses of HK\$5.4 million were incurred for these shareholder loans.

14. Share Capital

	<u>Number of shares of HK\$0.1 each '000</u>	<u>Nominal value HK\$'000</u>
Authorised		
At 31 December 2011 and 30 June 2012	<u>15,000,000</u>	<u>1,500,000</u>
Issued and fully paid		
At 31 December 2011 and 30 June 2012	<u>9,611,073</u>	<u>961,107</u>

15. Related Party Transactions

In addition to the transactions and balances set out elsewhere in the notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties during the six months ended 30 June 2012:

- (i) The Group made sales of HK\$16.2 million (2011: HK\$12.0 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.
- (ii) The Group leased certain properties from Leknarf Associates LLC (“Leknarf”) which is an associate of a non-controlling shareholder of a non-wholly owned subsidiary company, Vitaquest International Holdings LLC. The total rental payment by the Group to Leknarf amounted to HK\$8.4 million (2011: HK\$10.2 million).
- (iii) The Group has engaged Challenger Management Services Limited (“CMSL”) as a manager of its vineyard portfolio held in Australia and New Zealand. CMSL is a fellow subsidiary of the non-controlling shareholder of a non-wholly owned subsidiary company, Challenger Wine Trust. According to the management deed, CMSL is entitled to charge the Group management fees calculated at certain agreed ratios on the total gross income, capital acquisition costs and total assets of certain subsidiaries. During the period, management fees of HK\$6.2 million (2011: HK\$5.6 million) were incurred.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

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. Subject to as disclosed below, 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 during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code ("CG Code") during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Chief Executive Officer. Further, in respect of code provision A.6.7 of the CG Code, Professor Wong Yue-chim, Richard, an independent non-executive director was unable to attend the annual general meeting of the Company held on 24 May 2012 as he had an overseas engagement.

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 CG Code. 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, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group's interim results for the six months ended 30 June 2012 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

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

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).