



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)

Enhancing Everyday Living

Interim Report 2014

This interim report 2014 (both English and Chinese versions) (“Interim Report”) has been posted on the Company’s website at www.ck-lifesciences.com. Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Interim Report) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to cklife.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will upon request in writing to the Company c/o the Company’s Branch Share Registrar or by email to cklife.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar or sending a notice to cklife.ecom@computershare.com.hk.

Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.

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Corporate Information and Key Date

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor	<i>Chairman</i>
KAM Hing Lam	<i>President and Chief Executive Officer</i>
IP Tak Chuen, Edmond	<i>Senior Vice President and Chief Investment Officer</i>
YU Ying Choi, Alan Abel	<i>Vice President and Chief Operating Officer</i>
CHU Kee Hung	<i>Vice President and Chief Scientific Officer</i>

Non-executive Directors

Peter Peace TULLOCH	<i>Non-executive Director</i>
WONG Yue-chim, Richard	<i>Independent Non-executive Director</i>
KWOK Eva Lee	<i>Independent Non-executive Director</i>
Colin Stevens RUSSEL	<i>Independent Non-executive Director</i>

AUDIT COMMITTEE

WONG Yue-chim, Richard (*Chairman*)
KWOK Eva Lee
Colin Stevens RUSSEL

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

COMPLIANCE OFFICER

YU Ying Choi, Alan Abel

VICE PRESIDENT, FINANCE

MO Yiu Leung, Jerry

Corporate Information and Key Date (Cont'd)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Canadian Imperial Bank of Commerce
Commonwealth Bank of Australia
Coöperatieve Centrale
Raiffeisen-Boerenleenbank B.A. (Rabobank)
The Hongkong and Shanghai Banking
Corporation Limited
National Australia Bank Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

HEAD OFFICE

2 Dai Fu Street
Tai Po Industrial Estate
Tai Po
Hong Kong

PRINCIPAL PLACE OF BUSINESS

7th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman
KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODES

The Stock Exchange of Hong Kong Limited: 0775
Bloomberg: 775 HK
Reuters: 0775.HK

WEBSITE

www.ck-lifesciences.com

KEY DATE

Interim Results Announcement 22 July 2014

Chairman's Statement

2014 FIRST HALF RESULTS

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") delivered a steady performance during the first half of 2014.

For the six months ended 30 June 2014, the Company recorded profit attributable to shareholders of HK\$146.6 million, a 5% increase over the corresponding period in 2013.

The Board of Directors has not declared any interim dividend for the period under review (2013: Nil).

AGRICULTURE-RELATED BUSINESS

During the period under review, the Company's agriculture-related business recorded a revenue of HK\$1,092.5 million, representing an increase of 13% over the same period last year.

The period under review represented a full six-month of profit contribution from Cheetham Salt Limited, which was acquired in February 2013 and Northbank Millennium Vineyard, which was acquired in October 2013.

In April 2014, CK Life Sciences further expanded its vineyard portfolio through the acquisition of the Mud House Vineyards in New Zealand for NZ\$46.4 million (approximately HK\$310 million). Like most of our other vineyard assets, the Mud House Vineyards are backed by long term tenancy agreements poised to provide the Company with an immediate and steady recurrent income. The acquisition has further strengthened CK Life Sciences' present position as the second largest vineyard owner in Australasia, and one of the top ten largest vineyard owners in the world. The Company now owns 16 vineyards in Australia and 9 vineyards in New Zealand, amounting to about 7,300 hectares of land (approximately 785 million sq. ft.).

All other agriculture-related businesses continued to perform satisfactorily.

NUTRACEUTICAL BUSINESS

CK Life Sciences' nutraceutical business consists of Santé Naturelle A.G. Ltée in Canada, Vitaquest International Holdings LLC in the United States, and Lipa Pharmaceuticals Limited in Australia.

Turnover of nutraceutical business amounted to HK\$1,321.0 million, a 13% decline from last year.

Sales in North America showed moderate growth, with powders contributing to a strong open order pool in Vitaquest.

In Australia, the relative weakness of the Australian dollar compared with the same period last year impacted performance, which also witnessed reduced orders from a large customer depleting excess inventory built up last year.

RESEARCH AND DEVELOPMENT

Good progress was made on the R&D front.

Polynoma LLC ("Polynoma"), which focuses on developing the cancer immunotherapy POL-103A for the treatment of melanoma, completed patient enrollment for the first part of the Phase III clinical trial; and safety and immunological data have been reviewed. Planning for the second part of the study is being carried out.

Data analysis for the Phase III clinical trial of WEX Pharmaceuticals Inc.'s tetrodotoxin ("TTX")-based cancer pain management product in Canada is progressing well, and the Company has been engaging Health Canada in discussions on a potential filing for registration.

Chairman's Statement (Cont'd)

PROSPECTS

We are in good spirits about the prospects of our businesses going forward.

The recent acquisitions of Cheetham Salt Limited, the Northbank Millennium Vineyard and the Mud House Vineyards have strengthened our agriculture-related business and boosted our earnings.

The steady performance and organic growth from our other existing businesses are also poised to continue to enhance our revenue stream.

We are encouraged by the recent progress of the R&D activities which are approaching key milestones. Adequate funding will be deployed to support our R&D projects; the expenses of which will continue to be reflected in the Consolidated Income Statement.

Our strategy of funding R&D projects with revenues generated from our business operations has been effective. We will continue to leverage our sound fundamentals to strengthen our investment portfolio and enhance our profitability. In addition, we will continue to seek new opportunities to acquire quality assets that will further propel our growth momentum.

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

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 22 July 2014

Directors' Biographical Information

LI Tzar Kuoi, Victor

aged 49, has been the Chairman of the Company since 2002. He has been a member of the Remuneration Committee of the Company since March 2005. He is the Managing Director, Deputy Chairman and the Chairman of Executive Committee of Cheung Kong (Holdings) Limited. He is also the Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited, a Non-executive Director of Power Assets Holdings Limited and Co-Chairman of Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Council for Sustainable Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, the President and Chief Executive Officer of the Company. Mr. Victor Li is also a director of certain companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam

aged 67, is the President and Chief Executive Officer of the Company responsible for overall strategic direction and key operating decisions. He has been instrumental in the formation of the Group. He has been with the Group since its establishment in December 1999 and has played a leading role in developing the Group's corporate direction and strategic vision, and in guiding the Group in pursuit of its corporate business and operational objectives. Mr. Kam is also a Deputy Managing Director and Member of Executive Committee of Cheung Kong (Holdings) Limited, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, and an Executive Director of Hutchison Whampoa Limited. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. He is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by a substantial shareholder of the Company.

Directors' Biographical Information (Cont'd)

IP Tak Chuen, Edmond

aged 62, is the Senior Vice President and Chief Investment Officer of the Company responsible for the investment activities of the Group. He joined the Cheung Kong Group in 1993 and the Group in December 1999. He is also a Deputy Managing Director and Member of Executive Committee of Cheung Kong (Holdings) Limited, Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and a Non-executive Director of ARA Asset Management Limited, TOM Group Limited, AVIC International Holding (HK) Limited, Real Nutraceutical Group Limited and Shougang Concord International Enterprises Company Limited. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust which is listed in Hong Kong and Singapore, and a Non-executive Director of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. Mr. Ip was previously a Director of ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust which is listed in Singapore. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is also a director of certain companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

YU Ying Choi, Alan Abel

aged 59, is the Vice President and Chief Operating Officer of the Company responsible for the commercial activities of the Group, including manufacturing and marketing of all product applications. He holds a Bachelor of Arts degree and a Master's degree in Business Administration. Mr. Yu has held a number of positions in multinational corporations, including Standard Chartered Bank, Dairy Farm and American Express, in Hong Kong and overseas. Prior to joining the Group in January 2000, he was a Worldwide Vice President with Johnson & Johnson.

CHU Kee Hung

aged 69, is the Vice President and Chief Scientific Officer of the Company responsible for the technology and product development activities of the Group. He holds a Bachelor of Science from The Chinese University of Hong Kong, a Master of Science degree and a Doctor of Philosophy degree both from The University of California at Berkeley. He began working for the Group in January 2001. Prior to joining the Group, he has held a variety of senior positions in major corporations such as General Electric and the Cheung Kong Group, and has over 20 years' experience in technology project management in the United States, Mainland China and Hong Kong.

Directors' Biographical Information (Cont'd)

TULLOCH, Peter Peace

aged 70, serves as the Chairman and Non-executive Director of each of Victoria Power Networks Pty Ltd and SA Power Networks. He is also Chairman and a Non-executive Director of both Powercor Australia Limited and CitiPower Pty. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia. He was appointed a Non-executive Director of the Company in April 2002.

WONG Yue-chim, Richard, SBS, JP

aged 62, is Professor of Economics and Philip Wong Kennedy Wong Professor in Political Economy at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong is also an Independent Non-executive Director of each of Great Eagle Holdings Limited, Pacific Century Premium Developments Limited, Orient Overseas (International) Limited and Sun Hung Kai Properties Limited. All the companies mentioned above are listed companies. Professor Wong is also an Independent Non-executive Director of The Link Management Limited, the manager of The Link Real Estate Investment Trust which is listed in Hong Kong. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He was appointed an Independent Non-executive Director of the Company in June 2002 and is the Chairman of the Audit Committee of the Company.

Directors' Biographical Information (Cont'd)

KWOK Eva Lee

aged 72, currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc., an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc. and the Audit Committee of Cheung Kong Infrastructure Holdings Limited. Except for Amara and LKS Canada Foundation, all the companies mentioned above are listed companies. Mrs. Kwok has been appointed by the Premier of Saskatchewan in Canada to the Innovation Saskatchewan (IS) Board of Directors and she also sits on the Saskatchewan-Asia Advisory Council of Saskatchewan. She also holds directorships in certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company and the Corporate Governance Committee of Air Canada. Mrs. Kwok was appointed an Independent Non-executive Director of the Company in June 2002. She is a member of the Audit Committee and the Remuneration Committee of the Company, and has been appointed as the Chairman of the Remuneration Committee of the Company on 1 January 2012.

RUSSEL, Colin Stevens

aged 73, is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. Mr. Russel is also Managing Director of EMAS (HK) Limited. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, ARA Asset Management Limited and Husky Energy Inc., all being listed companies. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel is a Professional Engineer and Qualified Commercial Mediator. He received his Master's degree in Business Administration and a degree in electronics engineering from McGill University, Canada. Mr. Russel was appointed an Independent Non-executive Director of the Company in January 2005 and is a member of the Audit Committee and the Remuneration Committee of the Company.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2014, the total assets of the Group were about HK\$10,660.7 million, of which bank balances and time deposits were about HK\$658.4 million and treasury investments were about HK\$341.5 million. The bank interest generated for the first six months of 2014 was HK\$3.3 million. The net gain arising from the Group's investment segment for the period ended 30 June 2014 was HK\$16.8 million.

At the end of the period under review, the total liabilities of the Group were HK\$5,144.7 million, comprising borrowings from banks and major shareholders amounted to HK\$2,628.0 million and HK\$1,356.0 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 2014 was HK\$54.7 million.

As at 30 June 2014, the net debt to net total capital ratio of the Group was approximately 37.62%, which is calculated as the Group's net borrowings over the aggregate of the Group's total equity and net borrowings. For this purpose, the Group defines net borrowings as total borrowings (including bank borrowings, finance lease obligations and other borrowings) less cash, bank balances and time deposits.

The net asset value of the Group was HK\$0.57 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. Most of 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.

Financial Review (Cont'd)

CHARGE ON ASSETS

As at 30 June 2014, certain assets of the Group's subsidiary companies with carrying value of HK\$1,863.5 million were pledged as part of the security for bank borrowings totalling HK\$718.5 million granted to the subsidiary companies.

MATERIAL ACQUISITIONS/DISPOSALS AND SIGNIFICANT INVESTMENTS

Except for the disposal of AquaTower Pty Ltd as detailed in note 14 to the condensed consolidated financial statements, 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\$81.5 million for the period ended 30 June 2014.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2014, the total capital commitments by the Group amounted to HK\$9.0 million which were mainly made up of contracted/authorised commitments in respect of the acquisition of plant and equipment, and building improvement.

INFORMATION ON EMPLOYEES

The total number of full-time employees of the Group was 1,635 as at 30 June 2014, and is 8 more than the total headcount of 1,627 as at 30 June 2013. The total staff costs, including director's emoluments, amounted to approximately HK\$444.4 million for the six months ended 30 June 2014, which represents a decrease of 5% as compared to the same period of 2013. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2013.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2014.

Condensed Consolidated Income Statement

	Notes	For the six months ended 30 June	
		2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Turnover	3	2,416,792	2,481,175
Cost of sales		(1,588,252)	(1,617,659)
		828,540	863,516
Other income, gains and losses		18,761	19,282
Staff costs	4	(244,274)	(242,918)
Depreciation		(11,194)	(10,303)
Amortisation of intangible assets		(22,260)	(26,925)
Other expenses		(369,579)	(391,890)
Finance costs		(54,741)	(49,241)
Share of the results of associates and joint ventures		24,712	17,156
Profit before taxation		169,965	178,677
Taxation	5	(15,112)	(30,966)
Profit for the period	6	154,853	147,711
Attributable to:			
Shareholders of the Company		146,608	139,928
Non-controlling interests of subsidiaries		8,245	7,783
		154,853	147,711
Earnings per share	7		
– Basic		1.53 cents	1.46 cents
– Diluted		1.53 cents	1.46 cents

Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Profit for the period	154,853	147,711
Other comprehensive income/(expenses)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	236,174	(555,606)
Gain/(loss) on fair value changes of available-for-sale investments	1,738	(37,708)
Other comprehensive income/(expenses) for the period	237,912	(593,314)
Total comprehensive income/(expenses) for the period	392,765	(445,603)
Total comprehensive income/(expenses) attributable to:		
Shareholders of the Company	376,684	(429,458)
Non-controlling interests of subsidiaries	16,081	(16,145)
	392,765	(445,603)

Condensed Consolidated Statement of Financial Position

		As at 30 June 2014 (unaudited) HK\$'000	As at 31 December 2013 (audited) HK\$'000
Non-current assets			
Investment properties	9	1,167,431	926,897
Vines	9	709,150	539,502
Property, plant and equipment	10	1,221,528	1,177,459
Intangible assets	11	4,044,489	4,002,647
Interests in associates and joint ventures		390,518	365,531
Available-for-sale investments		291,253	289,515
Deferred taxation		42,937	31,447
		7,867,306	7,332,998
Current assets			
Investments at fair value through profit or loss		44,043	43,924
Derivative financial instruments		6,175	6,182
Tax recoverable		31,307	15,705
Inventories		1,026,269	952,912
Receivables and prepayments	12	1,027,251	1,036,987
Bank balances and deposits	13	658,362	767,661
		2,793,407	2,823,371
Assets classified as held for sale	14	–	63,409
		2,793,407	2,886,780
Current liabilities			
Payables and accruals	12	(1,023,254)	(1,089,290)
Derivative financial instruments		(5,145)	(5,062)
Bank borrowings	15	(961,269)	(950,758)
Finance lease obligations		(312)	(758)
Other borrowings	16	–	(75,000)
Taxation		(86,015)	(58,846)
		(2,075,995)	(2,179,714)
Liabilities associated with assets classified as held for sale	14	–	(36,027)
		(2,075,995)	(2,215,741)
Net current assets		717,412	671,039
Total assets less current liabilities		8,584,718	8,004,037

Condensed Consolidated Statement of Financial Position (Cont'd)

		As at 30 June 2014 (unaudited) HK\$'000	As at 31 December 2013 (audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Bank borrowings	15	(1,666,760)	(1,479,931)
Finance lease obligations		(1,028)	(243)
Other borrowings	16	(1,356,000)	(1,281,000)
Deferred taxation		(44,962)	(42,568)
		(3,068,750)	(2,803,742)
Total net assets		5,515,968	5,200,295
Capital and reserves			
Share capital	17	961,107	961,107
Share premium and reserves		4,321,188	4,015,830
Equity attributable to shareholders of the Company		5,282,295	4,976,937
Non-controlling interests of subsidiaries		233,673	223,358
Total equity		5,515,968	5,200,295

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company								Attributable to non-controlling interests of subsidiaries		Total (unaudited) HK\$'000	
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Investment revaluation reserve (unaudited) HK\$'000	Asset revaluation reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Employee share-based compensation reserve (unaudited) HK\$'000	Other reserves (unaudited) HK\$'000	Retained earnings (unaudited) HK\$'000	Sub-total (unaudited) HK\$'000	(unaudited) HK\$'000		
	2013											
	At 1 January 2013	961,107	4,051,433	77,756	-	232,493	4,166	(156,476)	293,333	5,463,812		259,886
Profit for the period	-	-	-	-	-	-	-	139,928	139,928	7,783	147,711	
Exchange differences arising from translation	-	-	-	-	(531,678)	-	-	-	(531,678)	(23,928)	(555,606)	
Loss on fair value changes of available-for-sale investments	-	-	(37,708)	-	-	-	-	-	(37,708)	-	(37,708)	
Total comprehensive (expenses)income for the period	-	-	(37,708)	-	(531,678)	-	-	139,928	(429,458)	(16,145)	(445,603)	
Employees' share option of the Company lapsed	-	-	-	-	-	(1,646)	-	1,646	-	-	-	
Dividends paid to the shareholders of the Company – 2012 final dividend HK\$0.006 per share	-	(57,666)	-	-	-	-	-	-	(57,666)	-	(57,666)	
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(14,465)	(14,465)	
At 30 June 2013	961,107	3,993,767	40,048	-	(289,185)	2,520	(156,476)	434,907	4,976,688	229,276	5,205,964	
2014												
At 1 January 2014	961,107	3,993,767	34,114	34,379	(390,892)	2,502	(182,045)	524,005	4,976,937	223,358	5,200,295	
Profit for the period	-	-	-	-	-	-	-	146,608	146,608	8,245	154,853	
Exchange differences arising from translation	-	-	-	-	228,338	-	-	-	228,338	7,836	236,174	
Gain on fair value changes of available-for-sale investments	-	-	1,738	-	-	-	-	-	1,738	-	1,738	
Total comprehensive income for the period	-	-	1,738	-	228,338	-	-	146,608	376,684	16,081	392,765	
Addition in interests in a subsidiary	-	-	-	-	-	-	(4,776)	-	(4,776)	4,776	-	
Disposal of a non-wholly owned subsidiary	-	-	-	-	728	-	-	-	728	(2,872)	(2,144)	
Employees' share option of the Company lapsed	-	-	-	-	-	(2,502)	-	2,502	-	-	-	
Dividends paid to the shareholders of the Company – 2013 final dividend HK\$0.007 per share	-	(67,278)	-	-	-	-	-	-	(67,278)	-	(67,278)	
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(7,670)	(7,670)	
At 30 June 2014	961,107	3,926,489	35,852	34,379	(161,826)	-	(186,821)	673,115	5,282,295	233,673	5,515,968	

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Net cash from operating activities	140,933	108,125
Net cash outflow from investing activities	(300,938)	(1,125,095)
Net cash inflow from financing activities	23,229	1,030,520
(Decrease)/increase in cash and cash equivalents	(136,776)	13,550
Cash and cash equivalents at beginning of the period	769,212	572,113
Effect of foreign exchange rate changes	12,657	(34,418)
Cash and cash equivalents at end of the period	645,093	551,245
Analysis of balances of cash and cash equivalents:		
Bank balances and deposits	658,362	553,791
Bank overdrafts (included in bank borrowings)	(13,269)	(2,546)
	645,093	551,245

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain properties, salt fields, vines 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 2013 (the “2013 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 2013 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.

3. 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	
	2014	2013
	HK\$'000	HK\$'000
Agriculture-related	1,092,449	965,455
Health	1,320,996	1,511,964
Investment	3,347	3,756
	2,416,792	2,481,175

Notes to the Condensed Consolidated Financial Statements (Cont'd)

3. TURNOVER AND SEGMENT INFORMATION (CONT'D)

B. Segment results

An analysis of the segment results is as follows:

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Segment results		
Agriculture-related	151,673	157,298
Health	192,916	217,256
Investment	16,804	13,042
	361,393	387,596
Business development expenditure	(10,634)	(10,280)
Research and development expenditure	(81,496)	(103,178)
Corporate expenses	(44,557)	(46,220)
Finance costs	(54,741)	(49,241)
	169,965	178,677
Profit before taxation		
Taxation	(15,112)	(30,966)
	154,853	147,711

4. 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 2014 amounted to HK\$444.4 million (2013: HK\$468.9 million) of which HK\$200.1 million (2013: HK\$226.0 million) relating to direct labor costs was included in cost of sales.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

5. TAXATION

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong	–	181
Other jurisdictions	18,847	41,438
Deferred tax		
Other jurisdictions	(3,735)	(10,653)
	15,112	30,966

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.

6. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after crediting/(charging):		
Included in turnover:		
Rental income from investment properties	76,982	94,422
Included in other income, gains and losses:		
Interest income from bank deposits	3,283	4,996
Loss on fair value change of investment properties and vines	–	(131)
Net gain on investments at fair value through profit or loss, and derivative financial instruments	7,339	5,746

Notes to the Condensed Consolidated Financial Statements (Cont'd)

7. 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	
	2014 HK\$'000	2013 HK\$'000
Profit for the period attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	146,608	139,928
Number of shares		
Number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	9,611,073,000	9,611,073,000

Diluted earnings per share for the period ended 30 June 2014 is the same as the basic earnings per share as there were no dilutive ordinary shares outstanding.

The computation of diluted earnings per share for the period ended 30 June 2013 did not assume the exercise of the Company's outstanding share options.

8. DIVIDENDS

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2014 (2013: Nil).

9. INVESTMENT PROPERTIES AND VINES

	Investment properties HK\$'000	Vines HK\$'000
Valuation		
At 1 January 2014	926,897	539,502
Additions	178,328	131,838
Exchange differences	62,206	37,810
At 30 June 2014	1,167,431	709,150

Notes to the Condensed Consolidated Financial Statements (Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Salt fields	Construction in progress	Laboratory instruments, plant and equipment	Furniture, fixtures and other assets	Leasehold improvement	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost or valuation							
At 1 January 2014	402,724	266,934	55,362	640,781	148,544	127,307	1,641,652
Additions	–	–	28,975	7,519	3,899	291	40,684
Reclassification	3,790	2,064	(32,957)	11,349	2,076	13,678	–
Disposals	–	–	–	(4,381)	(7,372)	–	(11,753)
Exchange differences	14,326	15,515	1,942	22,015	2,659	3,139	59,596
At 30 June 2014	420,840	284,513	53,322	677,283	149,806	144,415	1,730,179
Depreciation and impairment							
At 1 January 2014	7,738	–	–	284,277	118,374	53,804	464,193
Provided for the period	5,750	–	–	32,339	5,670	3,104	46,863
Elimination upon disposals	–	–	–	(4,241)	(6,505)	–	(10,746)
Exchange differences	186	–	–	6,090	1,508	557	8,341
At 30 June 2014	13,674	–	–	318,465	119,047	57,465	508,651
Carrying Values							
At 30 June 2014	407,166	284,513	53,322	358,818	30,759	86,950	1,221,528
At 31 December 2013	394,986	266,934	55,362	356,504	30,170	73,503	1,177,459

Notes to the Condensed Consolidated Financial Statements (Cont'd)

11. INTANGIBLE ASSETS

	Development costs	Patents	Goodwill	Trademarks	Customer relationship	Water rights	Other intangible assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost								
At 1 January 2014	465,106	173	3,077,452	126,129	418,044	188,395	9,176	4,284,475
Additions	–	–	–	–	–	2,359	40	2,399
Exchange differences	(1,366)	10	44,028	2,532	11,834	10,979	360	68,377
At 30 June 2014	463,740	183	3,121,480	128,661	429,878	201,733	9,576	4,355,251
Amortisation and impairment								
At 1 January 2014	572	142	–	–	271,949	4,014	5,151	281,828
Provided for the period	–	–	–	–	21,341	–	919	22,260
Exchange differences	(2)	9	–	–	6,260	232	175	6,674
At 30 June 2014	570	151	–	–	299,550	4,246	6,245	310,762
Carrying values								
At 30 June 2014	463,170	32	3,121,480	128,661	130,328	197,487	3,331	4,044,489
At 31 December 2013	464,534	31	3,077,452	126,129	146,095	184,381	4,025	4,002,647

Notes to the Condensed Consolidated Financial Statements (Cont'd)

12. 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 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Trade receivables		
0 – 90 days	778,676	808,427
Over 90 days	55,467	53,046
	834,143	861,473
Trade payables		
0 – 90 days	357,898	386,115
Over 90 days	10,877	6,448
	368,775	392,563

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Bank balances and deposits	658,362	767,661
Bank balances and deposits included in assets classified as held for sale	–	4,309
Bank overdrafts included in bank borrowings	(13,269)	(2,758)
	645,093	769,212

Notes to the Condensed Consolidated Financial Statements (Cont'd)

14. ASSETS CLASSIFIED AS HELD FOR SALE

As detailed in note 39 to the 2013 Financial Statements and the announcement of the Company dated 19 December 2013, the Group entered into a sale and purchase agreement to dispose of its entire interests in a non-wholly owned subsidiary, AquaTower Pty Ltd ("AquaTower"), to an independent third party. AquaTower is a limited liability company incorporated under the laws of Australia and is principally engaged in water business in Australia. The transaction was completed in June 2014 with a gain of approximately HK\$1.7 million.

15. BANK BORROWINGS

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

16. OTHER BORROWINGS

Included in the other borrowings are term loans of HK\$1,356.0 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 1.75% to 2% per annum, and with due date in February 2017. During the period, total interest expenses of HK\$13.4 million (2013: HK\$10.6 million) were incurred for these shareholder loans.

17. SHARE CAPITAL

	Number of share of HK\$0.1 each '000	Nominal value HK\$'000
Authorised		
At 31 December 2013 and 30 June 2014	15,000,000	1,500,000
Issued and fully paid		
At 31 December 2013 and 30 June 2014	9,611,073	961,107

Notes to the Condensed Consolidated Financial Statements (Cont'd)

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial Instruments measured at fair value on a recurring basis

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2014				
Available-for-sale investments				
Equity securities – listed in Hong Kong	133,253	–	–	133,253
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	44,043	–	–	44,043
Derivative financial assets	–	6,175	–	6,175
Total	44,043	6,175	–	50,218
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	5,145	–	5,145
As at 31 December 2013				
Available-for-sale investments				
Equity securities – listed in Hong Kong	131,515	–	–	131,515
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	43,924	–	–	43,924
Derivative financial assets	–	6,182	–	6,182
Total	43,924	6,182	–	50,106
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	5,062	–	5,062

There were no transfers between Levels 1 and 2 during the six months ended 30 June 2014 and 2013.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial assets and liabilities is determined using discounted cash flow method and future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

19. 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 2014:

- (i) The Group made sales of HK\$10.5 million (2013: 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.
- (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\$8.8 million (2013: HK\$8.6 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, Belvino Investments 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\$6.1 million (2013: HK\$6.2 million) were incurred.
- (iv) The Group made sales of HK\$54.7 million (2013: HK\$41.4 million) to and purchase of HK\$8.8 million (2013: HK\$4.5 million) from joint ventures of Cheetham Salt Limited, a wholly owned subsidiary of the Company during the period.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Li Tzar Kuoi, Victor	Beneficial owner, interest of controlled corporations & beneficiary of trusts	2,250,000	-	2,835,759,715 (Note 2)	4,355,634,570 (Note 1)	7,193,644,285	74.84%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Chu Kee Hung	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Peter Peace Tulloch	Beneficial owner	1,050,000	-	-	-	1,050,000	0.01%
Wong Yue-chim, Richard	Beneficial owner	375,000	-	-	-	375,000	0.004%
Kwok Eva Lee	Beneficial owner	200,000	-	-	-	200,000	0.002%

Notes:

- Such 4,355,634,570 shares are held by a subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong Holdings"). Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT1 as trustee of the LKS Unity Trust ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong Holdings. Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2") hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Notes (Cont'd):

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong Holdings by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong Holdings independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a Director of Cheung Kong Holdings, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of Cheung Kong Holdings held by TUT1 as trustee of the LKS Unity Trust and TUT1 related companies and those 4,355,634,570 shares held by the subsidiary of Cheung Kong Holdings under the SFO as a Director of the Company.

2. Such 2,835,759,715 shares are held by two subsidiaries of Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF.

As at 30 June 2014, by virtue of his deemed interest in the share capital of the Company as described above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO, in addition to any separate interest held by him in the Company and its subsidiaries and associated companies. A waiver from compliance with the disclosure requirement under paragraph 13(1) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") in respect of the above-mentioned deemed interests of Mr. Li Tzar Kuoi, Victor to be disclosed in this interim report, on the ground that compliance with such paragraph would result in particulars being given which were not material in the context of the Group and were of excessive length, had been obtained from the Stock Exchange.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

(2) LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY

Pursuant to the share option scheme adopted by the Company on 26 June 2002 and revised on 16 March 2009 (the "Share Option Scheme"), certain Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for shares of the Company, details of which as at 30 June 2014 were as follows:

Name of Director	Date of grant	Number of share options					Option period	Subscription price per share HK\$
		Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2014		
Yu Ying Choi, Alan Abel	19/1/2004	775,560	-	-	(775,560)	-	19/1/2005 – 18/1/2014	1.568
Chu Kee Hung	19/1/2004	775,560	-	-	(775,560)	-	19/1/2005 – 18/1/2014	1.568

Save as disclosed above, during the six months ended 30 June 2014, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 June 2014, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Details of Options Granted by the Company

The Company has adopted the Share Option Scheme under which the Directors or employees of the Company or its subsidiaries or certain other persons may be granted share options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Share Option Scheme.

As at 30 June 2014, there were no outstanding options to subscribe for shares of the Company, details of which were as follows:

Date of grant	Number of share options						Option period	Subscription price per share HK\$
	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2014		
19/1/2004	3,475,408	-	-	(3,475,408)	-	-	19/1/2005 – 18/1/2014 (Note)	1.568

Note:

The options were exercisable from 19 January 2005 to 18 January 2014 (both days inclusive) subject to the following vesting periods:

- (i) up to 35% of the options commencing on 19 January 2005;
- (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing on 19 January 2006; and
- (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing on 19 January 2007.

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 30 June 2014, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(1) LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Gold Rainbow Int'l Limited	Beneficial owner	4,355,634,570	45.31%
Gotak Limited	Interest of a controlled corporation	4,355,634,570 (Note i)	45.31%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	4,355,634,570 (Note ii)	45.31%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	4,355,634,570 (Note iii)	45.31%
Trueway International Limited	Beneficial owner	2,119,318,286	22.05%
Li Ka Shing Foundation Limited	Interest of controlled corporations	2,835,759,715 (Note iv)	29.50%
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	7,191,394,285 (Note v)	74.82%

Interests and Short Positions of Shareholders (Cont'd)

(2) LONG POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Triluck Assets Limited	Beneficial owner	716,441,429	7.45%

Notes:

- i. This represents the same block of shares in the Company as shown against the name of Gold Rainbow Int'l Limited ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of shares in which Gold Rainbow was interested under the SFO.
- ii. As Gotak Limited is wholly-owned by Cheung Kong Holdings, Cheung Kong Holdings is deemed to be interested in the same number of shares which Gotak Limited is deemed to be interested under the SFO.
- iii. TUT1 as trustee of the LKS Unity Trust and TUT1 related companies hold more than one-third of the issued share capital of Cheung Kong Holdings. TDT1 as trustee of DT1 and TDT2 as trustee of DT2 hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. Under the SFO, each of TUT1 as trustee of the LKS Unity Trust, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares in which Cheung Kong Holdings is deemed to be interested as disclosed in Note ii above.
- iv. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by LKSF and LKSF is deemed to be interested in a total of 2,835,759,715 shares under the SFO, being the aggregate of the shares in which Trueway and Triluck were interested as shown against the names Trueway and Triluck above.
- v. As Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco which in turn holds the entire issued share capital of TUT1, TDT1 and TDT2 and is the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Mr. Li Ka-shing is deemed to be interested in the same number of shares in which Cheung Kong Holdings is deemed to be interested as mentioned above under the SFO.

In addition, by virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF. Mr. Li Ka-shing is deemed to be interested in the same number of shares in which LKSF is deemed to be interested as mentioned above under the SFO.

Save as disclosed above, as at 30 June 2014, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance

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 emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014. 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.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Audit Committee of the Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company's employees.

Corporate Governance (Cont'd)

(1) BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. The Board consists of a total of nine Directors, comprising five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.

The positions of the Chairman of the Board and the Chief Executive Officer are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman of the Board meets with the Non-executive Directors (including Independent Non-executive Directors) without the presence of the Executive Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary and the Compliance Officer are also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 8 September 2008, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Personnel Manual of the Company.

(3) INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's internal control system and review of its effectiveness in accordance with the CG Code. The Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, functional and information technology areas within the audited business units and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of these internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of internal control system of the Group for the six months ended 30 June 2014.

Corporate Governance (Cont'd)

(4) AUDIT COMMITTEE

The Company established the Audit Committee on 26 June 2002 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of 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 report for the six months ended 30 June 2014 has been reviewed by the Audit Committee.

(5) 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.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.

(6) INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

In compliance with the CG Code, the Company has established a shareholders communication policy in March 2012 which is subject to review on a regular basis to ensure its effectiveness.

Other Information

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Ample Castle Limited ("Ample"), an indirect wholly-owned subsidiary of the Company, as borrower and the Company together with certain indirect wholly-owned subsidiaries of the Company as guarantors, entered into two facility agreements (the "Agreements") with Commonwealth Bank of Australia, Singapore Branch ("CBA Singapore") on 22 August 2011 and 18 February 2013, respectively. Pursuant to the Agreements, two 3-year term loans of HK\$480 million and US\$70 million (collectively, the "Facilities") were granted to Ample by CBA Singapore. As at 30 June 2014, the total outstanding balance of the Facilities amounted to HK\$1,026 million. The Agreements require at least 44.01% direct or indirect interest in the Company to be maintained by Cheung Kong Holdings (the Company's controlling shareholder). The obligations have been complied with.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out in the Company's Annual Report 2013 are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown in the Company's Annual Report 2013 which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this interim report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.