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)

THE CHAIRMAN'S STATEMENT FOR 2014

For the year ended 31 December 2014, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") achieved a turnover of HK$4.95 billion (HK$4.97 billion in 2013), and a profit attributable to shareholders of HK$263.6 million (HK$229 million in 2013).

Compared to 2013, the turnover represents a marginal decrease of less than 1%. Profit attributable to shareholders increased by 15%.

During the year, the lower Australian dollar and Canadian dollar exchange rates against the Hong Kong dollar impacted the turnover and profit recorded. Had the results been reported in local currencies, both the Company's turnover and profit would have reflected a larger growth.

The Board of Directors has recommended a final dividend of HK$0.008 per share for the year ended 31 December 2014 (HK$0.007 per share in 2013), a 14% increase over the previous year. The proposed dividend will be paid on Tuesday, 2 June 2015 following approval at the 2015 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21 May 2015.

AGRICULTURE-RELATED BUSINESS

Agriculture-related business experienced growth in 2014.

Following CK Life Sciences' initial entrance into the vineyard industry in 2011, the Company has built up a portfolio of quality vineyard assets in Australasia. The vineyard portfolio has now become one of CK Life Sciences' core businesses.

In April 2014, CK Life Sciences further extended its agricultural reach through the acquisition of the Mud House Vineyards in New Zealand for NZ$46.4 million (approximately HK$310 million). Similar to other vineyards in the Company's portfolio, the Mud House Vineyards have provided a steady income and recurrent cash flow to the Company.

2014 marked the first full year of profit contribution from Cheetham Salt Limited ("Cheetham"), which was acquired in February 2013. Cheetham is Australasia's largest producer and refiner of salt with a significant market position in Australia and New Zealand. Its salt fields and refineries are spread over about 9,300 hectares of freehold and leasehold land in Australia and New Zealand. Same as the vineyard investments, Cheetham has provided the Company with an immediate cash flow and steady recurring income.

Amgrow Pty Ltd, which serves the home garden, golf and turf, horticulture, broadacre and pest management markets in Australia; and Accensi Pty Ltd, the leading independent toll manufacturer of crop protection products in the country, reported steady performance.

NUTRACEUTICAL BUSINESS

During the year under review, all of CK Life Sciences' nutraceutical businesses earned recognition and support from its customers.

In the United States, Vitaquest International Holdings LLC achieved record sales, delivering a meaningful contribution to the Company.

In Canada, Santé Naturelle A.G. Ltée was chosen by consumers to be the winner of the country's prestigious "Consumer Choice Award" in the health product category for the second year in a row.

In Australia, Lipa Pharmaceuticals Limited was named by Complementary Healthcare Council of Australia as the "Manufacturer of the Year" for a second time.

PHARMACEUTICAL R&D

CK Life Sciences' R&D initiatives progressed well in 2014. During the year, an expenditure of HK$190.8 million of research funding was incurred to support these activities; the expenses of which were reflected in the Consolidated Income Statement for the year under review.

The development on the melanoma vaccine by the Company's United States subsidiary Polynoma LLC continued to make headway. Data from the first part of the adaptive Phase III clinical trial was submitted to the U.S. Food and Drug Administration (FDA), and the first patient in the second part of the Phase III clinical trial was dosed in January 2015.

The development of WEX Pharmaceuticals Inc.'s tetrodotoxin ("TTX")-based pain management product for the treatment of cancer pain in Canada reached a new milestone. Preparations to file a New Drug Submission to Health Canada for marketing approval of TTX have commenced.

In the United States, the first part of a Phase II clinical trial evaluating TTX for chemotherapy-induced neuropathic pain was completed. A meeting has been scheduled with the FDA to discuss the results and the design of a Phase III registration trial in the country.

SUBSEQUENT EVENT

In January 2015, CK Life Sciences further broadened its vineyard portfolio through the acquisition of three of McWilliam's vineyards in Australia for A$15.7 million (approximately HK$100 million).

The portfolio comprises the Hanwood Vineyard in Griffith, New South Wales; and the Station & Kirkgate Vineyards in Coonawarra, South Australia. The new investment has a total land area of about 700 hectares, and a planted area of about 650 hectares.

Following this latest purchase, CK Life Sciences now owns 19 vineyards in Australia and 9 vineyards in New Zealand, the combined area of which is approximately 8,700 hectares.

PROSPECTS

CK Life Sciences has continued to make progress in 2014. Our financial capacity is sound and business operations are good.

We are encouraged by the continued organic growth of our existing businesses which are poised to strengthen our revenue stream and contribute profit for our shareholders.

On the R&D front, the Company is making steady progress towards new milestones. We will continue to deploy adequate funding to support our R&D projects.

Concurrently, the recent acquisitions of high quality assets in the agricultural-related business have expanded the scope of our investment portfolio and enhanced our income flow.

The Company will continue to prudently seek new investments that would strengthen our investment portfolio and propel our growth momentum.

We are optimistic about CK Life Sciences' prospects and are confident of achieving steady growth in the immediate term.

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

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 24 February 2015

FINANCIAL REVIEW

Financial Resources, Liquidity and Treasury Policies

In 2014, the financial and liquidity position of the Group continued to be sound and healthy. It obtained its finances mainly from internal sources such as cash generated from business activities as well as other sources such as borrowings from banks and major shareholders.

The financing from banks and major shareholders was mainly for the purpose of acquiring the Group's overseas businesses as well as providing general working capital for some of the overseas businesses. As at 31 December 2014, the total borrowings from banks and major shareholders amounted to HK$3,000.5 million and HK$1,356.0 million, respectively. Most of these borrowings were principally on a floating interest rate basis and were granted based on the guarantees of and/or some committed terms by the Company. Other than such guarantees/commitments, as at 31 December 2014, certain assets of the Group's overseas subsidiaries with carrying value of HK$1,365.7 million were pledged as part of the security for bank borrowings totalling HK645.3 million. The total finance costs of the Group for the year were HK$109.6 million.

At the end of 2014, the total assets of the Group were about HK$10,297.4 million, of which bank balances and time deposits were about HK$979.2 million and treasury investments were about HK$374.6 million. The bank interest generated for the year was HK$7.0 million. The total gain arising from the Group's investment segment for the year was HK$24.8 million.

The total net assets of the Group as at 31 December 2014 were HK$4,875.0 million, representing HK$0.51 per share. The net debt to net total capital ratio of the Group as at 31 December 2014 was approximately 40.93%, 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 Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to interest rates fluctuation. It would monitor its overall net debt position closely, review its funding costs and maturity profile regularly and take necessary actions to facilitate refinancing whenever appropriate.

Material Acquisitions/Disposals and Significant Investments

In April 2014, the Group completed the acquisition of the Mud House Vineyards in New Zealand at a cash consideration of approximately HK$310 million.

Except for the above acquisition and the disposal of a non-wholly owned subsidiary, AquaTower Pty Ltd, which is principally engaged in water business in Australia, there was no material acquisition/disposal during the year under review.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK$190.8 million in 2014.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 31 December 2014, the total capital commitments by the Group amounted to HK$48.2 million which were mainly made up of contracted commitments in respect of the acquisition of plant and equipment, and maintenance of vineyards.

Information on Employees

The total number of full-time employees of the Group was 1,675 as at 31 December 2014, and is 56 more than the total headcount of 1,619 as at 31 December 2013. The total staff costs, including directors' emoluments, amounted to approximately HK$908.2 million for the year under review, which represents a decrease of 1% as compared to the previous year.

The Group's remuneration policies and fringe benefits remained basically the same as before. The Group would ensure the pay levels of its employees are competitive and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014 (2013: Nil).

Consolidated Income Statement
For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	3	**4,954,043**	4,970,927
Cost of sales		**(3,213,721)**	(3,229,113)
		1,740,322	1,741,814
Other income, gains and losses	4	**64,341**	42,707
Staff costs	5	**(497,986)**	(489,963)
Depreciation		**(22,782)**	(19,595)
Amortisation of intangible assets		**(44,271)**	(50,650)
Other expenses		**(864,850)**	(860,622)
Finance costs	6	**(109,566)**	(103,953)
Share of results of associates and joint ventures		**55,922**	43,991
Profit before taxation		**321,130**	303,729
Taxation	7	**(48,378)**	(69,183)
Profit for the year		**272,752**	234,546
Attributable to:			
Shareholders of the Company		**263,558**	229,008
Non-controlling interests of subsidiaries		**9,194**	5,538
		272,752	234,546
Earnings per share	8		
- Basic		**2.74 cents**	2.38 cents
- Diluted		**2.74 cents**	2.38 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

	2014	2013
	HK$'000	HK$'000
Profit for the year	**272,752**	234,546
Other comprehensive (expenses)/income		
Item that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of property, plant and equipment	**-**	34,379
	-	34,379
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(414,346)**	(647,386)
Gain/(loss) on fair value changes of available-for-sale investments	**25,300**	(45,871)
Reclassification adjustment upon impairment of available-for-sale investments	**-**	2,229
	(389,046)	(691,028)
Other comprehensive expenses for the year	**(389,046)**	(656,649)
Total comprehensive expenses for the year	**(116,294)**	(422,103)
Total comprehensive expenses attributable to:		
Shareholders of the Company	**(110,860)**	(403,640)
Non-controlling interests of subsidiaries	**(5,434)**	(18,463)
	(116,294)	(422,103)

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**1,141,481**	926,897
Vines		**549,113**	539,502
Property, plant and equipment		**1,136,213**	1,177,459
Intangible assets		**3,785,560**	4,002,647
Interests in associates and joint ventures		**336,159**	365,531
Available-for-sale investments		**314,815**	289,515
Deferred taxation		**33,767**	31,447
		7,297,108	7,332,998
Current assets			
Investments at fair value through profit or loss		**54,540**	43,924
Derivative financial instruments		**5,207**	6,182
Tax recoverable		**4,916**	15,705
Inventories		**971,149**	952,912
Receivables and prepayments	10	**985,230**	1,036,987
Bank balances and deposits		**979,200**	767,661
		3,000,242	2,823,371
Assets classified as held for sale		**-**	63,409
		3,000,242	2,886,780
Current liabilities			
Payables and accruals	11	**(946,291)**	(1,089,290)
Derivative financial instruments		**(4,479)**	(5,062)
Bank borrowings		**(128,629)**	(950,758)
Finance lease obligations		**(346)**	(758)
Other borrowings		**-**	(75,000)
Taxation		**(62,737)**	(58,846)
		(1,142,482)	(2,179,714)
Liabilities associated with assets classified as held for sale		**-**	(36,027)
		(1,142,482)	(2,215,741)
Net current assets		**1,857,760**	671,039
Total assets less current liabilities		**9,154,868**	8,004,037

Consolidated Statement of Financial Position (cont'd)
As at 31 December 2014

	2014	2013
	HK$'000	HK$'000
Non-current liabilities		
Bank borrowings	**(2,871,858)**	(1,479,931)
Finance lease obligations	**(847)**	(243)
Other borrowings	**(1,356,000)**	(1,281,000)
Deferred taxation	**(51,194)**	(42,568)
	(4,279,899)	(2,803,742)
Total net assets	**4,874,969**	5,200,295
Capital and reserves		
Share capital	**961,107**	961,107
Share premium and reserves	**3,701,541**	4,015,830
Equity attributable to shareholders of the Company	**4,662,648**	4,976,937
Non-controlling interests of subsidiaries	**212,321**	223,358
Total equity	**4,874,969**	5,200,295

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Attributable to shareholders of the Company										
	Share capital	Share premium	Investment revaluation reserve	Asset revaluation reserve	Translation reserve	Employee share-based compensation reserve	Other reserves	Retained earnings	Subtotal	Attributable to non-controlling interests of subsidiaries	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013	961,107	4,051,433	77,756	-	232,493	4,166	(156,476)	293,333	5,463,812	259,886	5,723,698
Profit for the year	-	-	-	-	-	-	-	229,008	229,008	5,538	234,546
Exchange differences arising from translation	-	-	-	-	(623,385)	-	-	-	(623,385)	(24,001)	(647,386)
Gain on revaluation of property, plant and equipment	-	-	-	34,379	-	-	-	-	34,379	-	34,379
Loss on fair value changes of available-for-sale investments	-	-	(45,871)	-	-	-	-	-	(45,871)	-	(45,871)
Reclassification adjustments upon impairment of available-for-sale investments	-	-	2,229	-	-	-	-	-	2,229	-	2,229
Total comprehensive (expenses)/ income for the year	-	-	(43,642)	34,379	(623,385)	-	-	229,008	(403,640)	(18,463)	(422,103)
Addition in interests in a subsidiary	-	-	-	-	-	-	(25,569)	-	(25,569)	8,221	(17,348)
Employees' share option lapsed	-	-	-	-	-	(1,664)	-	1,664	-	-	-
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 subsidiaries	-	-	-	-	-	-	-	-	-	(26,286)	(26,286)
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 year	-	-	-	-	-	-	-	**263,558**	**263,558**	**9,194**	**272,752**
Exchange differences arising from translation	-	-	-	-	**(399,718)**	-	-	-	**(399,718)**	**(14,628)**	**(414,346)**
Gain on fair value changes of available-for-sale investments	-	-	**25,300**	-	-	-	-	-	**25,300**	-	**25,300**
Total comprehensive income/ (expenses) for the year	-	-	**25,300**	-	**(399,718)**	-	-	**263,558**	**(110,860)**	**(5,434)**	**(116,294)**
Addition in interests in subsidiaries	-	-	-	-	-	-	**(136,879)**	-	**(136,879)**	**10,519**	**(126,360)**
Capitalisation of loans from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	**30,212**	**30,212**
Disposal of a subsidiary classified as held for sale	-	-	-	-	**728**	-	-	-	**728**	**(33,084)**	**(32,356)**
Employees' share option 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	-	-	-	-	-	-	-	-	-	**(13,250)**	**(13,250)**
At 31 December 2014	**961,107**	**3,926,489**	**59,414**	**34,379**	**(789,882)**	**-**	**(318,924)**	**790,065**	**4,662,648**	**212,321**	**4,874,969**

Notes to the Consolidated Financial Statements

1. Organisation and Operations

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

The consolidated financial statements are presented in Hong Kong dollars, which are the same as the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products, as well as investment in a portfolio of vineyards, and various financial and investment products.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations (collectively "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

HKAS 1 (Amendments)	Disclosure Initiative [3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation [3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants [3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions [1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements [3]
HKFRS 9	Financial Instruments [6]
HKFRS 14	Regulatory Deferral Accounts [4]
HKFRS 15	Revenue from Contracts with Customers [5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception [3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations [3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle [2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle [1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle [3]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 January 2017
[6] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version was issued in 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recongised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 may affect the classification and measurement of the Group's available-for-sale investments and may have an impact on amounts reported in respect of the Group's other financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may affect amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Apart from those mentioned above, the Group is in the process of assessing the impact of the other new and revised HKFRSs, which are not yet effective, on the Group's results and financial position.

3. Turnover

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:

	2014	2013
	HK$'000	HK$'000
Agriculture-related	**2,216,803**	2,208,118
Health	**2,730,524**	2,756,217
Investment	**6,716**	6,592
	4,954,043	4,970,927

4. Other Income, Gains and Losses

	2014	2013
	HK$'000	HK$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	**6,997**	8,443
Other interest income	**658**	1,148
Unrealised gain on fair value changes of investment properties	**91,765**	3,041
Unrealised (loss)/gain on fair value changes of vines	**(91,174)**	6,861
Impairment of available-for-sale investments	**-**	(2,229)
Net gain on investments at fair value through profit or loss		
- Investments held for trading	**17,798**	11,035
- Others	**-**	6,213
Net (loss)/gain on derivative financial instruments	**(931)**	329

5. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions, share-based payment and recruitment costs for the year amounted to HK$908.2 million (2013: HK$917.7 million) of which HK$410.2 million (2013: HK$427.7 million) relating to direct labor costs were included in cost of sales.

6. Finance Costs

	2014	2013
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**82,311**	76,924
Other borrowings	**27,179**	26,945
Finance leases	**76**	84
	109,566	103,953

7. Taxation

	2014	2013
	HK$'000	HK$'000
The tax expenses for the year represent:		
Current tax		
Hong Kong	**-**	46
Other jurisdictions	**36,854**	67,253
Over provision in prior years		
Hong Kong	**-**	(102)
Other jurisdictions	**(806)**	(17,574)
Deferred tax		
Hong Kong	**-**	-
Other jurisdictions	**12,330**	19,560
	48,378	69,183

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

8. 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:

	2014	2013
	HK$'000	HK$'000
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	**263,558**	229,008
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

As all the Company's outstanding share options were lapsed during the year, there were no potential ordinary shares in issue as at 31 December 2014. Diluted earnings per share for the year ended 31 December 2014 is the same as the basic earnings per share.

The computation of diluted earnings per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options.

9. Dividends

A final dividend for the year ended 31 December 2014 of HK$0.008 per share (2013: HK$0.007 per share) with an aggregate amount of HK$76,889,000 (2013: HK$67,278,000) had been proposed by the directors. It is subject to approval by the shareholders in the forthcoming general meeting.

10. Receivables and Prepayments

	2014	2013
	HK$'000	HK$'000
Trade receivables	**868,804**	892,553
Less: provision for impairment	**(27,864)**	(31,080)
	840,940	861,473
Other receivables, deposits and prepayments	**144,290**	175,514
	985,230	1,036,987

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

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

	2014	2013
	HK$'000	HK$'000
0 - 90 days	**761,876**	808,427
Over 90 days	**79,064**	53,046
	840,940	861,473

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

	2014	2013
	HK$'000	HK$'000
Current	**396,988**	591,563
Less than 90 days past due	**435,119**	254,884
Over 90 days past due	**8,833**	15,026
	443,952	269,910
	840,940	861,473

11. Payables and Accruals

	2014	2013
	HK$'000	HK$'000
Trade payables	**341,545**	392,563
Other payables and accrued charges	**604,746**	696,727
Financial liabilities measured at amortised cost	**946,291**	1,089,290

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

	2014	2013
	HK$'000	HK$'000
0 - 90 days	**328,548**	386,115
Over 90 days	**12,997**	6,448
	341,545	392,563

12. Segment Information

The Group's reportable segments and other information required under HKFRS 8 are summarised as follows:

(a) Reportable segment information

	Agriculture-related		Health		Investment		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment turnover	**2,216,803**	2,208,118	**2,730,524**	2,756,217	**6,716**	6,592	**-**	-	**4,954,043**	4,970,927
Segment results	**323,394**	338,412	**386,557**	407,208	**24,752**	17,485	**-**	-	**734,703**	763,105
Business development expenditure									**(20,013)**	(49,791)
Research and development expenditure									**(190,823)**	(225,503)
Corporate expenses									**(93,171)**	(80,129)
Finance costs									**(109,566)**	(103,953)
Profit before taxation									**321,130**	303,729
Taxation									**(48,378)**	(69,183)
Profit for the year									**272,752**	234,546
Other information										
Amortisation of intangible assets	**(9,781)**	(15,153)	**(34,490)**	(35,497)	**-**	-	**-**	-	**(44,271)**	(50,650)
Depreciation	**(48,069)**	(44,547)	**(36,604)**	(36,648)	**-**	-	**(7,359)**	(4,652)	**(92,032)**	(85,847)
Net recovery of/(impairment of) trade receivables	**872**	(3,424)	**(10,619)**	4,843	**-**	-	**-**	-	**(9,747)**	1,419
Unrealised gain on fair value changes of investment properties	**91,765**	3,041	**-**	-	**-**	-	**-**	-	**91,765**	3,041
Unrealised (loss)/gain on fair value changes of vines	**(91,174)**	6,861	**-**	-	**-**	-	**-**	-	**(91,174)**	6,861
Reversal of revaluation deficit of property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	33,873	**-**	33,873
Net recovery of impairment of intangible assets	**3,356**	1,969	**-**	-	**-**	-	**-**	-	**3,356**	1,969
Net recovery of impairment of other receivables	**-**	-	**18,481**	27,193	**-**	-	**-**	-	**18,481**	27,193
Inventories written off	**(10,528)**	(15,122)	**(6,284)**	(16,530)	**-**	-	**-**	-	**(16,812)**	(31,652)
Impairment of available-for-sale investments	**-**	-	**-**	-	**-**	(2,229)	**-**	-	**-**	(2,229)
Gain on disposal of a subsidiary classified as held for sale	**1,712**	-	**-**	-	**-**	-	**-**	-	**1,712**	-
Loss on disposal of associates	**(12,361)**	-	**-**	-	**-**	-	**-**	-	**(12,361)**	-

(b) Geographical information

Turnover is analysed by the Group's sales by geographical market while the carrying amount of non-current assets is analysed by the geographical area in which the assets are located.

	Turnover (note i)		**Non-curent assets** (note ii)	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Asia Pacific	**3,064,216**	3,146,709	**4,054,642**	3,997,868
North America	**1,883,111**	1,817,626	**2,893,884**	3,014,168
	4,947,327	4,964,335	**6,948,526**	7,012,036

Notes :
i. Turnover excluding investment income generated from financial instruments.
ii. Non-current assets excluding financial instruments and deferred tax assets.

The countries where the Group companies domiciled include China (including Hong Kong), Australia, New Zealand, USA and Canada.

There are no material sales of the Group (excluding investment income generated from financial instruments) which attribute to the countries other than those the Group companies domiciled. There are no material non-current assets (excluding financial instruments and deferred tax assets) which are located in the countries other than those the Group companies domiciled.

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

During the year ended 31 December 2014, 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 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 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.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee ("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 annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Deloitte Touche Tohmatsu.

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.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 15 May 2015 at 10:00 a.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 12 May 2015 to Friday, 15 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2015 Annual General Meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 11 May 2015.

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21 May 2015, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. Thursday, 21 May 2015.

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).