CK Life Sciences Int'l., (Holdings) Inc.
長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0775)

INTERIM RESULTS FOR 2011

2011 FIRST HALF RESULTS

HK$ Million	1H 2011	1H 2010	Variance
Turnover	1,720.2	1,326.3	+30%
Agriculture-related	591.2	395.7	+49%
Health	1,123.7	926.8	+21%
Investment	5.3	3.8	+39%
Profit attributable to shareholders	82.3	48.6	+69%

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") delivered a strong performance during the first half of 2011.

The Company recorded profit attributable to shareholders of HK$82 million, a 69% increase over the corresponding period in 2010.

Turnover was HK$1,720 million, an increase of about 30% as compared to the same period last year.

The growth is mainly attributable to the profit contribution from the newly-acquired vineyard properties in Australia and New Zealand.

The Board of Directors has not declared any interim dividend for the period under review (2010: Nil).

SOLID GROWTH IN AGRICULTURE-RELATED BUSINESS

Revenue of HK$591.2 million was recorded by the Company's agriculture-related business during the period under review, representing a 49% increase over the same period last year.

The newly-acquired Challenger Wine Trust ("CWT"), a trust and registered managed investment scheme with vineyards and related infrastructure assets in Australia and New Zealand, has delivered five months of immediate profit contribution to CK Life Sciences. The acquisition marked the Company's inaugural expansion into the vineyard industry. Following the completion of the acquisition in February 2011, CWT has broadened the Company's agricultural reach and has provided steady and immediate cashflow to CK Life Sciences.

Agriculture-related business in Australia has also benefited from higher rain levels throughout the country. The wetter conditions have increased demand for crop protection products.

GOOD PERFORMANCE IN NUTRACEUTICAL BUSINESS

CK Life Sciences' nutraceutical portfolio comprising Santé Naturelle A.G. Ltée ("A.G.") in Canada, Vitaquest International Holdings LLC ("Vitaquest") in the United States and Lipa Pharmaceuticals Limited ("Lipa") in Australia, progressed well during the period under review. Sales revenue totalling HK$1,123.7 million was generated, a 21% increase compared to the same period in 2010.

A.G. completed its transition to new packaging which is more consumer-friendly and product-benefit specific.

In Vitaquest and Lipa, facility upgrades and streamlining of production have taken place and better margins have been generated.

ADVANCING PROGRESS IN R&D

The Company continued to make steady R&D progress through our two subsidiary companies in North America during the period under review.

Following the completion of the privatisation of WEX Pharmaceuticals Inc. ("WEX Pharma") in May, CK Life Sciences now owns 100% of the Canada-based company. WEX Pharma's tetrodotoxin ("TTX")-based cancer pain management product has made continued headway in the Phase III clinical trial. The patient recruitment process was accelerated by the opening of new clinical trial sites in Australia and New Zealand, in addition to the existing sites in Canada. Plans have also been developed for a Phase II clinical trial to be conducted in the United States which will evaluate TTX for chemotherapy-induced neuropathic pain.

In the United States, research on the Company's melanoma vaccine is making continued progress through our 76% owned subsidiary, Polynoma LLC. Discussions are currently underway with the Food and Drug Administration (FDA) on a Special Protocol Assessment (SPA) for the Phase III clinical trial. Preparation for the filing of an Investigational New Drug (IND) application is being made and the manufacturing of clinical trial materials is progressing steadily.

NEW FOOD TESTING BUSINESS

CK Life Sciences established the International Food Safety Testing Centre Limited ("IFSTC") to address the growing demand for food testing services in Hong Kong. IFSTC received certification under the Hong Kong Laboratory Accreditation Scheme (HOKLAS) in 2010. The new business commenced operations in the first half of 2011.

PROSPECTS

CK Life Sciences is in good spirits about its future prospects.

The steady performance and organic growth of our existing businesses are expected to continue. Going forward, the Company will explore ways to maximise the potential of these businesses.

With cash and liquid assets on hand of around HK$1.4 billion and a net debt to equity ratio of 28.7%, the Company will continue to seek new investment opportunities around the world, particularly mature businesses similar to CWT which feature security of return and recurrent cashflow.

We are pleased to record a robust performance for the first half of 2011. We believe that the ingredients are in place for continued growth momentum for the rest of the year and beyond.

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

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 25 July 2011

FINANCIAL REVIEW

Financial Resources and Liquidity

As at 30 June 2011, the total assets of the Group were about HK$9,096.2 million, of which bank balances and time deposits were about HK$663.5 million and treasury investments were about HK$733.9 million. The bank interest generated for the first six months of 2011 was HK$6.1 million. The net gain arising from the Group's investment segment for the period ended 30 June 2011 was HK$24.8 million.

At the end of the period under review, the total liabilities of the Group were HK$3,136.3 million, comprising total bank loans of HK$1,750.6 million with maturity dates varied from 2011 to 2014. The increase in bank loans during the period is mainly due to the inclusion of bank loans of CWT (as defined below) resulting from the completion of acquisition in February 2011 (as detailed below). For the bank loan with maturity date in the second half year of 2011, management is currently negotiating with the banks to renew/refinance the loan and is confident that the renewed/refinancing bank facilities will be signed before the expiry of the current facility. During the period, the Group also obtained several interest-bearing term loans from its major shareholders. As at 30 June 2011, the total outstanding balance of these shareholder loans was HK$500.0 million with maturity dates in early 2014. The Group's bank and shareholder loans were mainly used for financing the acquisition of overseas operations as well as providing general working capital for some of the overseas operations. Total finance cost incurred by the Group for the six months ended 30 June 2011 was HK$45.4 million.

As at 30 June 2011, the Group's gearing ratio was approximately 28.7%, which is calculated as the Group's net borrowings over the equity attributable to shareholders of the Company. For this purpose, the Group defines net borrowings as total borrowings (including bank loans, bank overdrafts, finance lease obligations and other borrowings) less cash, bank balances and time deposits.

The net asset value of the Group was HK$0.62 per share.

Treasury Policies

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

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

Charge on Assets

As at 30 June 2011, certain assets of the Group's subsidiary companies with carrying value of HK$1,687.4 million were pledged as part of the security for bank loans totalling HK$806.8 million granted to the subsidiary companies.

Material Acquisitions/Disposals and Significant Investments

In February 2011, the Group completed the acquisition of approximately 72.26% interests in Challenger Wine Trust ("CWT") by way of a scheme at a cash consideration of approximately AUD33.08 million (approximately HK$260 million) (the "Acquisition"). CWT is a trust and a registered managed investment scheme under the Corporations Act 2001 (Cth) of Australia and was listed on the Australian Securities Exchange ("ASX"). Its principal activity is to invest in a portfolio of high quality and strategically located vineyards and wineries in Australia and New Zealand that are leased primarily to wine companies. Upon the completion of the Acquisition, CWT was delisted from the ASX. Details of the Acquisition are incorporated in a circular issued in December 2010.

In May 2011, the Group also completed the privatisation process of its Canadian listed subsidiary named WEX Pharmaceuticals Inc. ("Wex") (the "Privatization"). Total cash consideration incurred in the process is approximately CAD7.0 million (approximately HK$56.1 million). The principal activity of Wex is the discovery, development, manufacturing and commercialisation of innovative drug products to treat pain. Upon the completion of the Privatization, Wex was delisted from Toronto Stock Exchange and the Group's interests in it increased from 75.25% to 100%.

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

The Group has always been investing significantly in research and development activities. Such expenditure amounted to about HK$73.4 million for the period ended 30 June 2011.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 30 June 2011, the total capital commitments by the Group amounted to HK$12.3 million which were mainly made up of contracted commitments in respect of the acquisition of computers, plant and equipments.

Information on Employees

The total number of full-time employee of the Group was 1,149 as at 30 June 2011, and is 24 less than the total headcount of 1,173 in the same period of 2010. The total staff costs, including director's emoluments, amounted to approximately HK$351.0 million for the six months ended 30 June 2011, which represents an increase of 19% as compared to the same period of 2010. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2010.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June **2011** **(unaudited)** **HK$'000**	 2010 (unaudited) HK$'000 (Restated)
Turnover	4	**1,720,191**	1,326,315
Cost of sales		**(1,168,789)**	(917,124)
		551,402	409,191
Other income, gains and losses		**56,440**	13,654
Staff costs	5	**(183,180)**	(167,705)
Depreciation		**(8,717)**	(11,972)
Amortisation of intangible assets		**(22,486)**	(22,299)
Other expenses		**(235,045)**	(150,487)
Finance costs		**(45,424)**	(8,483)
Share of results of associates		**11**	-
Profit before taxation		**113,001**	61,899
Taxation	6	**(52,002)**	(14,562)
Profit for the period	7	**60,999**	47,337
Attributable to:			
Shareholders of the Company		**82,332**	48,635
Non-controlling interests of subsidiaries		**(21,333)**	(1,298)
		60,999	47,337
Earnings per share	8		
- Basic		**0.86 cent**	0.51 cent
- Diluted		**0.86 cent**	0.51 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Profit for the period	**60,999**	47,337
Other comprehensive income		
Exchange difference arising from translation of foreign operations	**145,872**	(91,075)
(Loss)/gain on fair value changes of available-for-sale investments	**(6,338)**	405,000
Income tax relating to components of other comprehensive income	**-**	(66,925)
Other comprehensive income for the period	**139,534**	247,000
Total comprehensive income for the period	**200,533**	294,337
Total comprehensive income attributable to:		
Shareholders of the Company	**209,902**	294,636
Non-controlling interests of subsidiaries	**(9,369)**	(299)
	200,533	294,337

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2011 (unaudited) HK$'000	As at 31 December 2010 (audited) HK$'000
Non-current assets			
Investment properties	10	**852,321**	-
Vines	10	**503,659**	-
Property, plant and equipment	11	**543,348**	523,312
Intangible assets	12	**4,240,713**	4,019,236
Interests in associates		**18,925**	18,489
Available-for-sale investments		**501,569**	310,041
Investments at fair value through profit or loss		**85,492**	206,014
Deferred taxation		**26,942**	23,196
Long-term receivables		**-**	19,984
Time deposits		**24,240**	93,480
		6,797,209	5,213,752
Current assets			
Investments at fair value through profit or loss		**142,539**	163,000
Derivative financial instruments		**4,278**	-
Tax recoverable		**6,398**	-
Inventories		**572,020**	508,603
Receivables and prepayments	13	**934,459**	872,654
Time deposits		**72,720**	55,309
Bank balances and deposits		**566,564**	575,209
		2,298,978	2,174,775
Current liabilities			
Payables and accruals	13	**(687,550)**	(543,123)
Derivative financial instruments		**(31,375)**	(24,692)
Bank loans	14	**(943,800)**	(1,067,956)
Finance lease obligations		**(247)**	(1,003)
Taxation		**(102,595)**	(65,293)
		(1,765,567)	(1,702,067)
Net current assets		**533,411**	472,708
Total assets less current liabilities		**7,330,620**	5,686,460

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	**As at 30 June 2011 (unaudited)**	As at 31 December 2010 (audited)
		HK$'000	HK$'000
Non-current liabilities			
Bank loans	14	**(806,803)**	-
Finance lease obligations		**(1,667)**	(399)
Other borrowings	15	**(537,811)**	(36,531)
Deferred taxation		**(24,407)**	(27,077)
		(1,370,688)	(64,007)
Total net assets		**5,959,932**	5,622,453
Capital and reserves			
Share capital	16	**961,107**	961,107
Share premium and reserves		**4,715,435**	4,550,419
Equity attributable to shareholders of the Company		**5,676,542**	5,511,526
Non-controlling interests of subsidiaries		**283,390**	110,927
Total equity		**5,959,932**	5,622,453

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								Attributable to non-controlling interests of subsidiaries			
	Share capital (unaudited)	Share premium (unaudited)	Investment revaluation reserve (unaudited)	Translation reserve (unaudited)	Employee share-based compensation reserve (unaudited)	Other reserves (unaudited)	Retained earnings/ (accumulated losses) (unaudited)	Subtotal (unaudited)	Share option reserve of a subsidiary (unaudited)	Non-controlling interests of subsidiaries (unaudited)	Subtotal (unaudited)	Total (unaudited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010												
At 1 January 2010	961,107	4,147,543	-	(14,926)	4,698	25,781	(218,845)	4,905,358	55	171,155	171,210	5,076,568
Profit for the period	-	-	-	-	-	-	48,635	48,635	-	(1,298)	(1,298)	47,337
Exchange difference arising from translation	-	-	-	(92,145)	-	-	-	(92,145)	-	1,070	1,070	(91,075)
Gain on fair value changes of available-for-sale investments	-	-	405,071	-	-	-	-	405,071	-	(71)	(71)	405,000
Income tax relating to components of other comprehensive income	-	-	(66,925)	-	-	-	-	(66,925)	-	-	-	(66,925)
Total comprehensive income for the period	-	-	338,146	(92,145)	-	-	48,635	294,636	-	(299)	(299)	294,337
Rights issue of a subsidiary attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	5,972	5,972	5,972
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(91,507)	-	(91,507)	-	(9,113)	(9,113)	(100,620)
Employees' share option benefits for a subsidiary	-	-	-	-	-	-	-	-	435	55	490	490
Employees' share option of the Company lapsed	-	-	-	-	(135)	-	135	-	-	-	-	-
At 30 June 2010	**961,107**	**4,147,543**	**338,146**	**(107,071)**	**4,563**	**(65,726)**	**(170,075)**	**5,108,487**	**490**	**167,770**	**168,260**	**5,276,747**
2011												
At 1 January 2011	961,107	4,147,543	214,355	241,614	4,545	(47,497)	(10,141)	5,511,526	798	110,129	110,927	5,622,453
Profit for the period	-	-	-	-	-	-	82,332	82,332	-	(21,333)	(21,333)	60,999
Exchange difference arising from translation	-	-	-	133,929	-	-	-	133,929	91	11,852	11,943	145,872
(Loss)/gain on fair value changes of available-for-sale investments	-	-	(6,359)	-	-	-	-	(6,359)	-	21	21	(6,338)
Total comprehensive income for the period	-	-	(6,359)	133,929	-	-	82,332	209,902	91	(9,460)	(9,369)	200,533
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	152,994	152,994	152,994
Capital injection of a subsidiary attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	103,890	103,890	103,890
Acquisition of additional interests in subsidiaries	-	-	-	-	-	2,230	-	2,230	-	(58,333)	(58,333)	(56,103)
Employees' share option benefits for a subsidiary	-	-	-	-	-	-	-	-	185	24	209	209
Employees' share option of a subsidiary exercised	-	-	-	-	-	-	-	-	(252)	566	314	314
Employees' share option of a subsidiary lapsed	-	-	-	-	-	-	939	939	(822)	(117)	(939)	-
Employees' share option of the Company lapsed	-	-	-	-	(120)	-	120	-	-	-	-	-
Dividends paid to the shareholders of the Company – 2010 final dividend HK$0.005 per share	-	(48,055)	-	-	-	-	-	(48,055)	-	-	-	(48,055)
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	-	-	(16,303)	(16,303)	(16,303)
At 30 June 2011	**961,107**	**4,099,488**	**207,996**	**375,543**	**4,425**	**(45,267)**	**73,250**	**5,676,542**	**-**	**283,390**	**283,390**	**5,959,932**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2011 (unaudited) HK$'000	2010 (unaudited) HK$'000 (Restated)
Net cash from operating activities	**30,795**	66,671
Net cash outflow from investing activities	**(85,637)**	(150,167)
Net cash inflow/(outflow) from financing activities	**46,197**	(106,396)
Decrease in cash and cash equivalents	**(8,645)**	(189,892)
Cash and cash equivalents at beginning of the period	**575,209**	636,510
Cash and cash equivalents at end of the period	**566,564**	446,618

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 Listing Rules.

2. Significant Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments which are measured at revalued 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 2010 (the "2010 Financial Statements"), except as described below:

(a) Accounting policies applied for the new items resulting from the acquisition of vineyard business

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties, which include land, buildings and integral infrastructure, are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognised.

Vines

Vines are biological assets and are initially recorded at cost including transaction costs. Subsequent to initial recognition, the vines are stated at fair value less costs to sell. Gains or losses arising from changes in the fair values of vines less costs to sell are recognised in profit or loss in the year in which they arise.

Intangible assets – water rights

Water rights provide the owner with an allocation of irrigation water for as long as the rights are held. Water rights are able to be legally separated from properties and are able to be traded.

Water rights are recognised at cost less any accumulated impairment losses. The cost is not amortised as the water licences have indefinite useful lives.

Due to the water rights being used for the provision of permanent planting of crops (vines) these water rights are held to support the vines and not for regular trading purposes.

Leases – as lessor

Lease agreements entered into with lessees over vineyard properties and wineries are considered to be operating leases given that the Group retains substantially all the risks and benefits of ownership of the leased assets.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Under certain circumstances, incentives such as rent-free periods may be offered to tenants. Such an incentive is amortised over the term of the lease as a reduction in rental income on a straight-line basis.

(b) Application of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, a number of new and revised standards, 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 2010 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. Comparative Figures

As detailed in note 2 of the 2010 Financial Statements, the Group has adopted amendments to HKAS 17 "Leases" (the "HKAS 17 Amendment") and HKAS 27 (as revised in 2008) "Consolidated and Separate Financial Statements" (the "Revised HKAS 27") in preparing the 2010 Financial Statements.

In accordance with the HKAS 17 Amendment, the Group's leasehold land that qualifies for finance lease classification should be included in property, plant and equipment. Accordingly, certain comparative figures of these interim financial statements have been restated to conform with the adoption of the HKAS 17 Amendment and the effects are summarised as follows:

	For the six months ended 30 June 2010
	HK$'000
Increase in depreciation	157
Decrease in other expenses	(157)
Impact on profit for the period	-

In accordance with the Revised HKAS 27, the cash consideration of HK$100,620,000 paid for the Group's acquisition of additional interests in one of its non-wholly owned subsidiaries in 2010 should be included in cash flows used in financing activities, instead of in investing activities. Accordingly, certain comparative figures of the condensed consolidated statements of cash flows have been restated to reflect this change.

4. 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 2011	2010
	HK$'000	HK$'000
Agriculture- related	**591,203**	395,703
Health	**1,123,731**	926,829
Investment	**5,257**	3,783
	1,720,191	1,326,315

B. Segment results

An analysis of the segment results is as follows:

	For the six months ended 30 June 2011	2010
	HK$'000	HK$'000
Segment results		
Agriculture-related	**130,050**	32,800
Health	**115,138**	99,218
Investment	**24,772**	(6,032)
	269,960	125,986
Business development expenditure	**(8,660)**	(8,992)
Research and development expenditure	**(62,503)**	(22,382)
Corporate expenses	**(40,383)**	(24,230)
Finance costs	**(45,424)**	(8,483)
Share of results of associates	**11**	-
Profit before taxation	**113,001**	61,899
Taxation	**(52,002)**	(14,562)
Profit for the period	**60,999**	47,337

5. 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 2011 amounted to HK$351.0 million (2010: HK$293.8 million) of which HK$167.8 million (2010: HK$126.1 million) relating to direct labor costs was included in cost of sales.

6. Taxation

Income tax recognised in profit or loss

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Current tax		
Hong Kong	**3,117**	4,705
Other jurisdictions	**61,847**	20,569
Deferred tax		
Hong Kong	**-**	-
Other jurisdictions	**(12,962)**	(10,712)
	52,002	14,562

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.

Income tax recognised in other comprehensive income

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Deferred tax		
Arising from gain on fair value changes of available-of-sale investments	**-**	66,925

7. Profit for The Period

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Profit for the period has been arrived at after crediting/(charging):		
Included in turnover:		
Rental income from investment properties	**92,295**	-
Included in other income, gains and losses:		
Interest income from bank deposits	**6,149**	4,472
Gain on disposal of available-for-sale investments	**-**	26,296
Gain on acquisition of a subsidiary	**138,518**	-
Loss on fair value change of investment properties and vines	**(114,194)**	-
Net gain/(loss) on investments at fair value through profit or loss, and derivative financial instruments	**13,754**	(28,118)

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:

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Profit for the period attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	**82,332**	48,635
Number of shares		
Number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	**9,611,073,000**	9,611,073,000

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options for the six months ended 30 June 2011 and 2010.

9. Dividends

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2011 (2010: Nil).

10. Investment Properties and Vines

	Investment properties	**Vines**
	HK$'000	**HK$'000**
Valuation		
At 1 January 2011	**-**	**-**
Arising from acquisition of a subsidiary	**934,961**	**482,931**
Additions	**1,669**	**-**
Disposals	**(25,062)**	**(1,655)**
Net decrease in fair value recognised in profit or loss	**(108,568)**	**(5,626)**
Exchange differences	**49,321**	**28,009**
At 30 June 2011	**852,321**	**503,659**

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

11. Property, Plant and Equipment

	Land and building	Construction in progress	Laboratory instruments, plant and equipment	Furniture, fixtures and other assets	Leasehold improvement	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation						
At 1 January 2011	243,619	21,141	438,791	119,231	82,756	905,538
Additions	67	8,862	16,191	3,338	810	29,268
Arising from acquisition of a subsidiary	-	-	15,334	-	-	15,334
Reclassification	3,237	(19,006)	632	8,882	6,255	-
Disposals	-	-	(14,267)	(1,871)	-	(16,138)
Exchange differences	7,742	267	14,368	2,633	963	25,973
At 30 June 2011	**254,665**	**11,264**	**471,049**	**132,213**	**90,784**	**959,975**
Depreciation and impairment						
At 1 January 2011	12,956	-	239,386	96,365	33,519	382,226
Provided for the period	2,369	-	4,737	11,829	7,165	26,100
Elimination upon disposals	-	-	(1,640)	(1,184)	-	(2,824)
Impairment loss	-	-	1,983	-	-	1,983
Exchange differences	448	-	6,484	1,870	340	9,142
At 30 June 2011	**15,773**	**-**	**250,950**	**108,880**	**41,024**	**416,627**
Carrying Values						
At 30 June 2011	**238,892**	**11,264**	**220,099**	**23,333**	**49,760**	**543,348**
At 31 December 2010	230,663	21,141	199,405	22,866	49,237	523,312

12. Intangible Assets

	Development costs	Patents	Goodwill	Trademark	Customer relationship	Concession assets	Water rights	Other intangible assets	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost									
At 1 January 2011	481,843	199	3,127,268	99,882	389,907	123,432	-	4,028	4,226,559
Additions	10,959	-	-	-	-	-	-	-	10,959
Arising from acquisition of a subsidiary	-	-	-	-	-	-	154,523	-	154,523
Exchange differences	10,057	10	48,669	3,950	9,587	6,055	9,437	163	87,928
At 30 June 2011	**502,859**	**209**	**3,175,937**	**103,832**	**399,494**	**129,487**	**163,960**	**4,191**	**4,479,969**
Amortisation and impairment									
At 1 January 2011	612	162	-	-	159,730	45,182	-	1,637	207,323
Provided for the period	-	-	-	-	19,839	2,500	-	147	22,486
Impairment loss	-	-	-	-	-	-	3,354	-	3,354
Exchange differences	23	10	-	-	3,572	2,307	121	60	6,093
At 30 June 2011	**635**	**172**	**-**	**-**	**183,141**	**49,989**	**3,475**	**1,844**	**239,256**
Carrying values									
At 30 June 2011	**502,224**	**37**	**3,175,937**	**103,832**	**216,353**	**79,498**	**160,485**	**2,347**	**4,240,713**
At 31 December 2010	481,231	37	3,127,268	99,882	230,177	78,250	-	2,391	4,019,236

13. Receivables and Payables

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

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

	As at 30 June 2011	As at 31 December 2010
	HK$'000	HK$'000
Trade receivables		
0 - 90 days	**596,023**	570,770
Over 90 days	**71,307**	65,103
	667,330	635,873
Trade payables		
0 - 90 days	**241,270**	251,698
Over 90 days	**5,305**	5,323
	246,575	257,021

14. Bank Loans

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

15. Other Borrowings

Included in the other borrowings are term loans of HK$500 million obtained from certain substantial shareholders of the Company and their subsidiaries during the period, which are unsecured, bearing interest with reference to Hong Kong Interbank Offered Rate plus a margin of 1% per annum. The loans are due for repayment in January 2014. During the period, total interest expense of HK$1.6 million was incurred for these shareholder loans.

16. Share Capital

	Number of shares of HK$0.1 each	**Nominal value**
	'000	**HK$'000**
Authorised		
At 31 December 2010 and 30 June 2011	15,000,000	1,500,000
Issued and fully paid		
At 31 December 2010 and 30 June 2011	9,611,073	961,107

17. 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 2011:

(i) The Group made sales of HK$12.0 million (2010: HK$11.5 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$10.2 million (2010: HK$10.4 million).

(iii) The Group has engaged Challenger Management Services Limited ("CMSL") as a manager of its vineyard portfolio held under a non-wholly owned trust named Challenger Wine Trust ("CWT"). CMSL is a fellow subsidiary of the non-controlling shareholder of CWT. According to the management deed, CMSL is entitled to charge CWT a management fees calculated at certain agreed ratios on the total gross income, capital acquisition costs and total assets of CWT. During the period, management fee of HK$5.6 million (2010: Nil) was incurred.

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2011.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 26 June 2002 and has formulated its written terms of reference, which may from time to time be modified, in accordance with the provisions set out in the Code on CG Practices. The Audit Committee comprises three Independent Non-executive Directors, namely, Professor Wong Yue-chim, Richard (Chairman of the Audit Committee), Mrs. Kwok Eva Lee and Mr. Colin Stevens Russel. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company.

The Group's interim results for the six months ended 30 June 2011 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

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

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