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 2011

HK$ Million	2011	2010	Variance
Profit before fair value changes on financial instruments	**219.5**	207.6	+6%
Fair value changes on financial instruments	**(93.7)**	1.0	NA
Profit attributable to shareholders	**125.8**	208.6	-40%

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") achieved a steady operational performance for the year ended 31 December 2011. Profit before fair value changes on financial instruments was HK$219.5 million, representing a 6% improvement over last year.

Profit attributable to shareholders of the Company was HK$125.8 million. This is lower than the HK$208.6 million reported last year due to negative fair value changes on financial instruments.

It is worth noting that adverse fair value changes on financial instruments represent an accounting entry and have no immediate impact on CK Life Sciences' cashflow.

The Board of Directors has recommended a final dividend of HK$0.005 per share for the year ended 31 December 2011, same as last year. The proposed dividend will be paid on 11 June 2012 following approval at 2012 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at close of business on 30 May 2012.

Agriculture-related Business Boosted by Acquisitions

Agriculture-related business experienced solid growth in 2011, reporting revenue of HK$1,214 million.

2011 marked CK Life Sciences' expansion into the vineyard industry. In February 2011, the Company acquired approximately 72% of Challenger Wine Trust ("CWT") for A$33.08 million (approximately HK$260 million). After the acquisition, CK Life Sciences has become the second largest vineyard owner in Australasia.

In October 2011, CK Life Sciences further expanded its vineyard investment and acquired the Qualco West Vineyard for A$10.6 million (approximately HK$84.6 million).

The vineyard assets are backed by long-term tenancy agreements, and have generated immediate and stable cashflow for the Company.

Other agriculture-related businesses in Australia, Mainland China and Asia achieved steady performance during the year under review.

Nutraceutical Business Achieved Good Performance

In 2011, nutraceutical business generated sales of HK$2,287.5 million.

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

Operating EBITDA of all these businesses has shown double-digit growth.

Encouraging Progress in R&D

CK Life Sciences' R&D activities progressed well during the year under review.

In Canada, WEX Pharmaceuticals Inc. ("WEX Pharma") was privatised in May 2011, and has since been wholly owned by CK Life Sciences.

WEX Pharma's tetrodotoxin ("TTX")-based cancer pain management product continues its Phase III clinical trial in Canada. A pharmacokinetic study is also ongoing in the United States, with additional plans to commence a Phase II clinical trial in the United States in 2012 to evaluate TTX for chemotherapy-induced neuropathic pain.

Research on the melanoma vaccine for the treatment of skin cancer carried out by the Company's U.S. subsidiary Polynoma LLC ("Polynoma") has made milestone progress.

During the year, the U.S. Food and Drug Administration (FDA) approved Polynoma's Phase III clinical trial protocol under a Special Protocol Assessment agreement, a process that can support the future registration and launching of the product.

In December 2011, Polynoma submitted an Investigational New Drug application to the FDA for Phase III clinical testing of its melanoma vaccine in the United States. This application was accepted in January 2012. This makes CK Life Sciences one of the few Asian companies to obtain clearance from the FDA to commence Phase III clinical testing of a new drug. Plans are currently underway to begin the Phase III clinical trial within several months.

In addition to planning for the Phase III clinical trial, Polynoma also commenced preclinical tests of the vaccine to see if it could work for other cancer indications like lung cancer and breast cancer.

Subsequent Event

In February 2012, CK Life Sciences completed the acquisition of the businesses of Peaty Trading Group ("Peaty") in Australia for a consideration of A$31.34 million (approximately HK$252 million).

Peaty is the second largest supplier of products and services in the professional turf management industry and the pest management industry in Australia. This acquisition has good growth potential and will provide CK Life Sciences with immediate cashflow contributions. It will also bring to the Company an extensive customer base and distribution network, strengthening its market coverage and enabling synergy to be achieved in relation to sales and costs.

Prospects

We are optimistic about the prospects of our businesses going forward.

The recent acquisitions of CWT, Qualco West Vineyard and Peaty in Australia are poised to expand the reach of our agriculture-related business and boost our earnings.

It is also expected that our revenue stream would continue to be enhanced by organic growth from existing businesses.

With cash and liquid assets on hand of HK$1,072.6 million and a net debt to equity ratio of 32.74%, we will continue to seek new investment opportunities around the world for further expansion.

On the R&D front, the FDA's approval of the Phase III clinical testing of our melanoma vaccine has brought us to a new research milestone and a major step closer to the commercialisation of the melanoma vaccine.

The Company's fundamentals are sound and business operations are solid. We are well in place to drive further growth in the future.

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, 7 March 2012

FINANCIAL REVIEW

Financial Resources, Liquidity and Treasury Policies

In 2011, 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 2011, the total borrowings from banks and major shareholders amounted to HK$1,691,606,000 and HK$500,000,000, respectively. The increase in borrowings during the year is mainly due to the completion of the acquisition of CWT (as defined below) in the current year. Most of these borrowings are 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 2011, certain assets of the Group's overseas subsidiaries with carrying value of HK$1,651,927,000 were pledged as part of the security for bank borrowings totalling HK$743,606,000. The total finance costs of the Group for the year were HK$89,164,000.

At the end of 2011, the total assets of the Group were about HK$8,810,235,000, of which bank balances and time deposits were about HK$471,615,000 and treasury investments were about HK$600,936,000. The bank interest generated for the year was HK$11,053,000. The total loss arising from the Group's investment segment for the year was HK$54,729,000.

The total net assets of the Group as at 31 December 2011 were HK$5,632,558,000, representing HK$0.59 per share. The gearing ratio of the Group as at 31 December 2011 was approximately 32.74%, which is calculated as the Group's net borrowings over the equity attributable to shareholders of the Company. For this purpose, the Group defines net borrowings as total borrowings (including bank borrowings, bank overdrafts, finance lease obligations and other borrowings) less cash, bank balances and time deposits.

The 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 February 2011, the Group completed the acquisition of approximately 72.26% interests in Challenger Wine Trust ("CWT"), a listed trust investing in a portfolio of high quality and strategically located vineyards and wineries in Australia and New Zealand. The transaction constitutes a major transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and details of which are incorporated in the circular of the Company dated 31 December 2010.

In May 2011, the Group also completed the privatisation process of its Canadian listed subsidiary named Wex Pharmaceuticals Inc. ("Wex") (the "Privatisation"). Total cash consideration incurred in the process is approximately CAD7,048,000 (approximately HK$56,103,000). The principal activity of Wex is the discovery, development, manufacturing and commercialisation of innovative drug products to treat pain. Upon the completion of the Privatisation, Wex was delisted from Toronto Stock Exchange and the Group's interests in it increased from 88.69% to 100%.

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

Subsequent to the reporting period, in February 2012, the Group completed the acquisition of entire interests in a group of Australian companies, which collectively form a vertically integrated producer, wholesaler and distributor of plant protection, specialty fertilisers and pest control products in Australia. The transaction constitutes a discloseable transaction under the Listing Rules. Details of the transaction were disclosed in note 13 to this consolidated financial statements and the announcement of the Company dated on 4 January 2012.

The Group has always been investing significantly in research and development activities. Such investment amounted to about HK$145,454,000 in 2011.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 31 December 2011, the total capital commitments by the Group amounted to HK$2,930,000 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 employee of the Group was 1,157 at the end of 2011, and is 11 less than the total headcount of 1,168 at the end of 2010. The total staff costs, including director's emoluments, amounted to approximately HK$704.7 million for the year under review, which represents an increase of 15% 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 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 2011 (2010: Nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	**2011** HK$'000	2010 HK$'000
Turnover	3	**3,511,563**	2,694,204
Cost of sales		**(2,331,432)**	(1,872,152)
		1,180,131	822,052
Other income, gains and losses	4	**(9,061)**	263,226
Staff costs	5	**(363,086)**	(337,265)
Depreciation		**(17,673)**	(21,876)
Amortisation of intangible assets		**(44,932)**	(44,861)
Other expenses		**(494,125)**	(439,597)
Finance costs	6	**(89,164)**	(17,421)
Share of results of associates		**(731)**	8
Profit before taxation		**161,359**	224,266
Taxation	7	**(46,252)**	(25,597)
Profit for the year		**115,107**	198,669
Attributable to:			
Shareholders of the Company		**125,826**	208,551
Non-controlling interests of subsidiaries		**(10,719)**	(9,882)
		115,107	198,669
Earnings per share	8		
- Basic		**1.31 cents**	2.17 cents
- Diluted		**1.31 cents**	2.17 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	HK$'000
Profit for the year	**115,107**	198,669
Other comprehensive (expenses)/income		
Exchange difference arising from translation of foreign operations	**(46,164)**	261,106
(Loss)/gain on fair value changes of available-for-sale investments	**(176,843)**	444,098
Reclassification adjustment upon disposal of available-for-sale investments	**-**	(229,766)
Other comprehensive (expenses)/income for the year	**(223,007)**	475,438
Total comprehensive (expenses)/income for the year	**(107,900)**	674,107
Total comprehensive (expenses)/income attributable to:		
Shareholders of the Company	**(97,880)**	679,446
Non-controlling interests of subsidiaries	**(10,020)**	(5,339)
	(107,900)	674,107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	**2011**	2010
		HK$'000	HK$'000
Non-current assets			
Investment properties		**813,502**	-
Vines		**537,571**	-
Property, plant and equipment		**575,962**	523,312
Intangible assets		**4,133,396**	4,019,236
Interests in associates		**18,622**	18,489
Available-for-sale investments		**368,621**	310,041
Investments at fair value through profit or loss		**153,130**	206,014
Deferred taxation		**23,718**	23,196
Long-term receivables		**-**	19,984
Time deposits		-	93,480
		6,624,522	5,213,752
Current assets			
Investments at fair value through profit or loss		**76,083**	163,000
Derivative financial instruments		**3,102**	-
Tax recoverable		**42**	-
Inventories		**650,886**	508,603
Receivables and prepayments	10	**983,985**	872,654
Time deposits		**91,200**	55,309
Bank balances and deposits		**380,415**	575,209
		2,185,713	2,174,775
Current liabilities			
Payables and accruals	11	**(822,767)**	(543,123)
Derivative financial instruments		**(37,151)**	(24,692)
Bank borrowings		**-**	(1,067,956)
Finance lease obligations		**(373)**	(1,003)
Taxation		**(61,988)**	(65,293)
		(922,279)	(1,702,067)
Net current assets		**1,263,434**	472,708
Total assets less current liabilities		**7,887,956**	5,686,460
Non-current liabilities			
Bank borrowings		**(1,691,606)**	-
Finance lease obligations		**(1,277)**	(399)
Other borrowings		**(536,201)**	(36,531)
Deferred taxation		**(26,314)**	(27,077)
		(2,255,398)	(64,007)
Total net assets		**5,632,558**	5,622,453
Capital and reserves			
Share capital		**961,107**	961,107
Share premium and reserves		**4,407,652**	4,550,419
Equity attributable to shareholders of the Company		**5,368,759**	5,511,526
Non-controlling interests of subsidiaries		**263,799**	110,927
Total equity		**5,632,558**	5,622,453

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Attributable to shareholders of the Company								Attributable to non-controlling interests of subsidiaries			
	Share capital	Share premium	Investment revaluation reserve	Translation reserve	Employee share-based compensation reserve	Other reserves	(Accumulated losses) / retained earnings	Subtotal	Share option reserve of a subsidiary	Non-controlling interests	Subtotal	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 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 year	-	-	-	-	-	-	208,551	208,551	-	(9,882)	(9,882)	198,669
Exchange difference arising from translation	-	-	-	256,540	-	-	-	256,540	-	4,566	4,566	261,106
Gain/(loss) on fair value changes of available-for-sale investments	-	-	444,121	-	-	-	-	444,121	-	(23)	(23)	444,098
Reclassification adjustment upon disposal of available-for-sale investments	-	-	(229,766)	-	-	-	-	(229,766)	-	-	-	(229,766)
Total comprehensive income/(expenses) for the year	-	-	214,355	256,540	-	-	208,551	679,446	-	(5,339)	(5,339)	674,107
Rights issue of a subsidiary attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	5,972	5,972	5,972
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(73,278)	-	(73,278)	-	(52,571)	(52,571)	(125,849)
Employees' share option benefits for a subsidiary	-	-	-	-	-	-	-	-	743	89	832	832
Employee's share option lapsed	-	-	-	-	(153)	-	153	-	-	-	-	-
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(9,177)	(9,177)	(9,177)
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 year	**-**	**-**	**-**	**-**	**-**	**-**	**125,826**	**125,826**	**-**	**(10,719)**	**(10,719)**	**115,107**
Exchange difference arising from translation	**-**	**-**	**-**	**(46,840)**	**-**	**-**	**-**	**(46,840)**	**91**	**585**	**676**	**(46,164)**
(Loss)/gain on fair value changes of available-for-sale investments	**-**	**-**	**(176,866)**	**-**	**-**	**-**	**-**	**(176,866)**	**-**	**23**	**23**	**(176,843)**
Total comprehensive (expenses)/income for the year	**-**	**-**	**(176,866)**	**(46,840)**	**-**	**-**	**125,826**	**(97,880)**	**91**	**(10,111)**	**(10,020)**	**(107,900)**
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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**184**	**24**	**208**	**208**
Employees' share option of a subsidiary exercised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(251)**	**565**	**314**	**314**
Employees' share option of a subsidiary lapsed	**-**	**-**	**-**	**-**	**-**	**-**	**938**	**938**	**(822)**	**(116)**	**(938)**	**-**
Employees' share option lapsed	**-**	**-**	**-**	**-**	**(194)**	**-**	**194**	**-**	**-**	**-**	**-**	**-**
Dividends paid to the shareholders of the Company – 2010 final dividend HK$0.005 per share	**-**	**(48,055)**	**-**	**-**	**-**	**-**	**-**	**(48,055)**	**-**	**-**	**-**	**(48,055)**
Dividends distributed to non-controlling interests of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(35,243)**	**(35,243)**	**(35,243)**
At 31 December 2011	**961,107**	**4,099,488**	**37,489**	**194,774**	**4,351**	**(45,267)**	**116,817**	**5,368,759**	**-**	**263,799**	**263,799**	**5,632,558**

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 dollar, which is 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)	Presentation of items of Other Comprehensive Income [3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets [2]
HKAS 19 (as revised in 2011)	Employee Benefits [4]
HKAS 27 (as revised in 2011)	Separate Financial Statements [4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures [4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities [5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets [1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities [4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [6]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine [4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

HKAS 1 (Amendments) Presentation of items of Other Comprehensive Income retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

HKAS 12 (Amendments) Deferred Tax: Recovery of Underlying Assets provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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. Previously, 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.

The directors anticipate that the application of HKFRS 9 will 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 Groups’ 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 10 Consolidated Financial Statements replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. It includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires significant judgment. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 12 Disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, and associates and / or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more comprehensive than those in the current standards.

HKFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope. The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013.

Based on the existing available information, the directors of the Company preliminarily anticipate that the adoption of the other new and revised HKFRSs will have no material impact on how the results and the financial position of the Group are prepared and presented.

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:

	2011	2010
	HK$'000	HK$'000
Agriculture-related	**1,213,982**	864,923
Health	**2,287,513**	1,819,584
Investment	**10,068**	9,697
	3,511,563	2,694,204

4. Other income, gains and losses

	2011	2010
	HK$'000	HK$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	**11,053**	8,374
Other interest income	**3,845**	4,586
Gain on acquisition of a subsidiary	**138,518**	-
Loss on fair value changes of investment properties	**(131,287)**	-
Gain on fair value changes of vines	**28,559**	-
Gain on disposal of available-for-sale investments	**-**	229,766
Net (loss)/gain on investments at fair value through profit or loss		
- Investments held for trading	**(22,561)**	(4,926)
- Others	**(52,884)**	13,174
Net gain/(loss) on derivative financial instruments	**1,715**	(3,530)

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$704.7 million (2010: HK$611.1 million) of which HK$341.6 million (2010: HK$273.8 million) relating to direct labor costs was included in cost of sales.

6. Finance Costs

	2011	2010
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**80,364**	13,783
Bank overdrafts	**201**	104
Other borrowings	**8,420**	3,501
Finance leases	**179**	33
	89,164	17,421

7. Taxation

	2011	2010
	HK$'000	HK$'000
The tax expenses for the year represent:		
Current tax		
Hong Kong	3,044	366
Other jurisdictions	44,463	32,454
(Over)/under provision in prior years		
Hong Kong	-	2
Other jurisdictions	(430)	1,489
Deferred tax		
Hong Kong	-	-
Other jurisdictions	(825)	(8,714)
	46,252	25,597

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.

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:

	2011	2010
	HK$'000	HK$'000
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	125,826	208,551
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 two years ended 31 December 2011 and 2010.

9. Dividends

A final dividend for the year ended 31 December 2011 of HK$0.005 per share with an aggregate amount of HK$48,055,000 had been proposed by the directors (2010: HK$0.005 per share with an aggregate amount of HK$48,055,000). It is subject to approval by the shareholders in the forthcoming general meeting.

10. Receivables and Prepayments

	2011	2010
	HK$'000	HK$'000
Trade receivables	**784,362**	657,005
Less: provision for impairment	**(21,013)**	(21,132)
	763,349	635,873
Other receivables, deposits and prepayments	**220,636**	236,781
	983,985	872,654

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 date.

	2011	2010
	HK$'000	HK$'000
0 - 90 days	**671,660**	570,770
Over 90 days	**91,689**	65,103
	763,349	635,873

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

	2011	2010
	HK$'000	HK$'000
Current	**557,286**	376,860
Less than 90 days past due	**187,078**	240,373
Over 90 days past due	**18,985**	18,640
	206,063	259,013
	763,349	635,873

11. Payables and Accruals

	2011	2010
	HK$'000	HK$'000
Trade payables	**295,900**	257,021
Other payables and accrued charges	**526,867**	286,102
Financial liabilities measured at amortised cost	**822,767**	543,123

The ageing analysis of trade payables is as follows:

	2011	2010
	HK$'000	HK$'000
Current to 90 days	**291,021**	251,698
Over 90 days	**4,879**	5,323
	295,900	257,021

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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment turnover	**1,213,982**	864,923	**2,287,513**	1,819,584	**10,068**	9,697	**-**	-	**3,511,563**	2,694,204
Segment results	**291,132**	83,297	**278,263**	170,905	**(54,729)**	246,746	**-**	-	**514,666**	500,948
Business development expenditure									**(18,542)**	(18,790)
Research and development expenditure									**(145,454)**	(180,127)
Corporate expenses									**(99,416)**	(60,352)
Finance costs									**(89,164)**	(17,421)
Share of results of associates									**(731)**	8
Profit before taxation									**161,359**	224,266
Taxation									**(46,252)**	(25,597)
Profit for the year									**115,107**	198,669
Other information										
Amortisation of intangible assets	**(8,433)**	(7,406)	**(36,499)**	(34,695)	**-**	-	**-**	(2,760)	**(44,932)**	(44,861)
Depreciation	**(11,048)**	(9,290)	**(42,454)**	(32,160)	**-**	-	**(3,316)**	(8,252)	**(56,818)**	(49,702)
Net (impairment) /recovery of impairment of trade receivables	**33**	(406)	**(4,394)**	613	**-**	-	**-**	-	**(4,361)**	207
Intangible assets written off	**-**	-	**-**	-	**-**	-	**-**	(134,944)	**-**	(134,944)
Gain on purchase of a subsidiary	**138,518**	-	**-**	-	**-**	-	**-**	-	**138,518**	-
Loss on fair value change of investment properties	**(131,287)**	-	**-**	-	**-**	-	**-**	-	**(131,287)**	-
Gain on fair value change of vines	**28,559**	-	**-**	-	**-**	-	**-**	-	**28,559**	-
Impairment of property, plant and equipment	**(1,981)**	-	**-**	-	**-**	-	**-**	-	**(1,981)**	-
Impairment of intangible assets	**(3,914)**	-	**-**	-	**-**	-	**-**	-	**(3,914)**	-

(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-current assets (note ii)	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Asia Pacific	**2,141,965**	1,570,519	**2,975,542**	1,422,079
North America	**1,359,530**	1,113,988	**3,103,511**	3,138,958
	3,501,495	2,684,507	**6,079,053**	4,561,037

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.

13. Events After the Reporting Period

As detailed in the announcement of the Company dated 4 January 2012, the Group entered into a sale and purchase agreement in January 2012 to acquire the entire interests in the Peaty Trading Operation (as defined below) from several independent third parties at a cash consideration of A$31,340,000 (approximately HK$252,080,000). The transaction was completed subsequent to the end of this reporting period, in February 2012.

The Peaty Trading Operation mainly comprises three privately owned operating companies incorporated under the laws of Australia with limited liabilities, which collectively form a vertically integrated producer, wholesaler and distributor of plant protection, specialty fertilisers and pest control products for the professional turf, agricultural, horticultural and urban pest control market, with operations across Australia (the "Peaty Trading Operation").

As at the reporting date, the management is still not yet in a position to assess the fair value of the net assets acquired.

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

During the year ended 31 December 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 ("Listing Rules") throughout the year ended 31 December 2011.

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 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, 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 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 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 2012 Annual General Meeting of the shareholders of the Company will be held at the Grand Ballroom, 1st Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Thursday, 24 May 2012 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 Monday, 21 May 2012 to Thursday, 24 May 2012, 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 2012 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 Friday, 18 May 2012.

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at close of business on Wednesday, 30 May 2012, 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. Wednesday, 30 May 2012.

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).