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 2017

For the year ended 31 December 2017, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") reported profit attributable to shareholders of HK$258 million, an increase of 2% as compared to the Company's restated profit[1] in 2016.

The Board of Directors has recommended a final dividend of HK$0.01 per share for the year ended 31 December 2017 (2016: HK$0.01 per share), same as the previous year. The proposed dividend will be paid on Monday, 28 May 2018 following approval at the 2018 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16 May 2018.

AGRICULTURE-RELATED BUSINESS

The vineyards in CK Life Sciences' agriculture-related portfolio recorded a positive performance. An increase in rental income, expansion of the portfolio and an uplift in the valuation of the portfolio contributed to the performance. Market sentiment for Australian vineyards has improved over the past year with increased demand.

Australian Agribusiness (Holdings) Pty Ltd, which comprises the Company's businesses in home gardening, pest management, professional turf, specialty agriculture and plant protection manufacturing, was negatively impacted by extensive drought, strong price competition and manufacturing delays. The root cause of the production delays has been identified and addressed. Although price competition remains strong and dry conditions in some areas persist, we are hopeful that market conditions will stabilise in the near future.

Cheetham Salt Limited recorded satisfactory growth during the year under review. In December, CK Life Sciences completed the acquisition of the remaining 50% share of the salt field operations in New Zealand it doesn't already own, and the disposal of its shares in a 50/50 joint venture engaged in retail and distribution in Australia and New Zealand. This asset swap has allowed the Company to strategically focus on the stable, cash-generative salt production and refinery business, while simultaneously exiting the cyclical distribution business.

[1] In 2017, the Company changed its accounting policy for land and building from revaluation model to cost model to align with industry practice. This change resulted in a restatement of the figures for 2016.

NUTRACEUTICAL BUSINESS

Lipa Pharmaceuticals Limited ("Lipa") reported steady performance in 2017. The contraction in demand that started in the latter half of 2016 resulting from a slowdown in export to China by key customers abated in 2017. A profitable business with a strong reputation for quality and service, Lipa continues to be a manufacturer of choice by leading vitamin and supplements brands in Australia. In 2017, Lipa continued to be named "High Quality Manufacturer of the Year" by Complementary Medicines Australia. This is the fourth consecutive year that Lipa has won the accolade.

Vitaquest International Holdings LLC, a custom contract manufacturer of vitamins and supplements in the US, experienced a challenging year, as its customers scaled back orders in the face of strong competition from online players. It has started to establish new relationships with online marketers to make up for the slowdown in demand from the existing customer base. These efforts are beginning to bear fruit and should result in improved performance in due course.

Santé Naturelle A.G. Ltée continued its diversification into new channels and markets. In addition to achieving an above market average growth rate among retailers in Quebec, it has established a presence in online platforms and increased coverage of, and penetration into, export markets.

PHARMACEUTICAL R&D

The 2 R&D initiatives of CK Life Sciences progressed steadily in 2017.

1) Melanoma Vaccine by Polynoma

   The Company is developing a therapeutic cancer vaccine for melanoma. The global market of this most serious form of cancer currently exceeds US$1 billion and is projected to grow to at least five times this value by 2023. Polynoma LLC ("Polynoma") made good progress in its adaptive Phase III clinical trial in the US and Canada, and is on schedule for an interim data analysis. The cancer vaccine is being developed to stimulate the body's immune system to delay recurrence in patients who suffer from an early stage of melanoma and have undergone surgery to remove the cancer. Unlike other drugs that have been approved for this indication, Polynoma's vaccine has so far been shown to be very safe.

2) Pain Management by WEX Pharma

   Uncontrolled chronic pain is a major unmet medical need; in particular, there is demand for treatment specifically approved for chemotherapy-induced neuropathic pain ("CINP"). WEX Pharmaceuticals Inc. ("WEX Pharma") is developing tetrodotoxin (TTX), an analgesic belonging to a new class of drugs called sodium channel blockers, and is in advanced discussions with the US FDA to allow the start of a Phase III clinical trial for CINP. This clinical trial has already received the go-ahead from Health Canada. Once demonstrated effective for CINP, TTX can be developed for other more generic types of chronic pain, as well as other methods of administration. Prospects for such pain management solutions are significant.

PROSPECTS

Although some business segments faced challenging short-term market conditions during the year, we remain positive regarding CK Life Sciences' overall prospects for the future.

As the Company continues to strengthen our performance through organic growth, we will at the same time pursue strategically beneficial acquisitions. As a member of the CK Group, CK Life Sciences also holds the unique opportunity to tap into the Group's rich capital resources and vast operating experience, allowing the Company to explore synergistic business ventures within the Group.

We will also continue to deploy the necessary funding to support R&D projects, enabling both the creation and commercial launch of ground-breaking products that cater to unaddressed market needs.

As always, I must thank our shareholders, Board of Directors and staff for their continued support.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 13 March 2018

FINANCIAL REVIEW

Financial Resources, Liquidity and Treasury Policies

In 2017, the financial and liquidity position of the Group continued to be sound and healthy. It was financed 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 Group's bank and other borrowings were mainly for the acquisition of the Group's overseas businesses as well as providing general working capital. As at 31 December 2017, the bank and other borrowings amounted to HK $4,595.2 million. All these borrowings were made on a floating interest rate basis and were granted based on some committed terms by, with or without the guarantees of, the Company. As at 31 December 2017, certain assets of the Group's overseas subsidiaries with carrying value of HK$1,323.1 million were pledged as part of the security for bank borrowings totalling HK$453.2 million. The total finance costs of the Group for the year were HK$94.2 million.

At the end of 2017, the total assets of the Group were about HK$10,583.7 million, of which bank balances and time deposits were about HK$1,037.8 million and treasury investments were about HK$233.3 million. The bank interest generated for the year was HK$6.8 million. The total gain arising from the Group's investment segment for the year was HK$2.1 million.

The total net assets of the Group as at 31 December 2017 were HK$4,756.7 million, representing HK$0.50 per share. The net debt to net total capital ratio of the Group as at 31 December 2017 was approximately 42.79%, 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 December 2017, the Group completed a transaction involving (i) an acquisition of further 50% equity interests in a previously held joint venture of the Group namely Dominion Salt Limited; and (ii) disposals of entire equity interests in two joint ventures of the Group namely Cerebos-Skellerup Limited and Salpak Proprietary Limited. The transaction constitutes a discloseable transaction and connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Details of the transaction were disclosed in the Company's announcement dated 10 May 2017.

Other than the aforementioned, 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$174.3 million in 2017.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 31 December 2017, the total capital commitments by the Group amounted to HK$42.4 million which were mainly made up of contracted/authorised 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 1,688 as at 31 December 2017 (2016: 1,747). The total staff costs, including directors' emoluments, amounted to approximately HK$970.9 million for the year under review, which represents a decrease of 2% 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 2017 (2016: Nil).

Consolidated Income Statement
For the year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	HK$'000
			(Restated)
Revenue	3	**4,693,133**	4,868,540
Cost of sales		**(3,149,322)**	(3,206,042)
		1,543,811	1,662,498
Other income, gains and losses	4	**218,360**	98,030
Staff costs	5	**(507,319)**	(521,673)
Depreciation		**(61,068)**	(51,166)
Amortisation of intangible assets		**(18,275)**	(19,170)
Other expenses		**(805,502)**	(753,454)
Finance costs	6	**(94,227)**	(95,858)
Share of results of joint ventures		**54,213**	42,954
Profit before taxation		**329,993**	362,161
Taxation	7	**(49,448)**	(94,946)
Profit for the year		**280,545**	267,215
Attributable to:			
Shareholders of the Company		**258,402**	252,960
Non-controlling interests of subsidiaries		**22,143**	14,255
		280,545	267,215
Earnings per share	8		
- Basic		**2.69 cents**	2.63 cents
- Diluted		**2.69 cents**	2.63 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	2017	2016
	HK$'000	HK$'000 (Restated)
Profit for the year	**280,545**	267,215
Other comprehensive (expenses)/income		
Items that will not be reclassified subsequently to profit or loss:		
Loss on fair value changes of equity investments designated at fair value through other comprehensive income	**(45,919)**	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**266,966**	43,720
Loss on fair value changes of available-for-sale investments	**-**	(14,902)
Reclassification adjustment upon impairment of available-for-sale investments	**-**	10,000
	266,966	38,818
Other comprehensive income for the year	**221,047**	38,818
Total comprehensive income for the year	**501,592**	306,033
Total comprehensive income attributable to:		
Shareholders of the Company	**474,363**	289,484
Non-controlling interests of subsidiaries	**27,229**	16,549
	501,592	306,033

Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	**31 December 2017 HK$'000**	31 December 2016 HK$'000 (Restated)	1 January 2016 HK$'000 (Restated)
Non-current assets				
Investment properties		**1,318,972**	1,057,678	991,434
Property, plant and equipment		**1,958,017**	1,503,604	1,472,590
Intangible assets		**3,588,711**	3,497,918	3,535,281
Interests in joint ventures		**8,944**	310,922	303,174
Equity investments		**216,902**	179,821	194,723
Deferred taxation		**40,160**	55,478	47,045
		7,131,706	6,605,421	6,544,247
Current assets				
Equity investments		**16,358**	18,087	25,041
Derivative financial instruments		**-**	1,470	3,338
Tax recoverable		**56,172**	7,048	8,734
Inventories		**1,066,929**	937,503	923,382
Receivables and prepayments	10	**1,274,727**	1,057,411	1,117,273
Bank balances and deposits		**1,037,772**	859,432	840,751
		3,451,958	2,880,951	2,918,519
Current liabilities				
Payables and accruals	11	**(1,003,561)**	(887,355)	(910,958)
Derivative financial instruments		**-**	(1,198)	(2,707)
Bank borrowings		**(93,135)**	(1,746,055)	(1,431,864)
Finance lease obligations		**(295)**	(270)	(425)
Other borrowings		**(1,100,000)**	(1,356,000)	-
Taxation		**(64,938)**	(106,134)	(98,617)
		(2,261,929)	(4,097,012)	(2,444,571)
Net current assets/(liabilities)		**1,190,029**	(1,216,061)	473,948
Total assets less current liabilities		**8,321,735**	5,389,360	7,018,195

Consolidated Statement of Financial Position (cont'd)
As at 31 December 2017

	31 December 2017	31 December 2016	1 January 2016
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Non-current liabilities			
Bank borrowings	**(3,402,073)**	(924,000)	(1,403,000)
Finance lease obligations	**(666)**	(876)	(1,092)
Other borrowings	**-**	-	(1,356,000)
Deferred taxation	**(162,291)**	(61,442)	(48,886)
	(3,565,030)	(986,318)	(2,808,978)
Total net assets	**4,756,705**	4,403,042	4,209,217
Capital and reserves			
Share capital	**961,107**	961,107	961,107
Share premium and reserves	**3,655,936**	3,300,145	3,103,924
Equity attributable to shareholders of the Company	**4,617,043**	4,261,252	4,065,031
Non-controlling interests of subsidiaries	**139,662**	141,790	144,186
Total equity	**4,756,705**	4,403,042	4,209,217

Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	Attributable to shareholders of the Company									
	Share capital	Share premium	Investment revaluation reserve	Investment at fair value through other comprehensive income reserve	Translation reserve	Other reserves	Retained earnings	Sub-total	Attributable to non-controlling interests of subsidiaries	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
As at 1 January 2016 (Restated)	961,107	3,849,601	(27,624)	-	(1,365,777)	(331,865)	979,589	4,065,031	144,186	4,209,217
Profit for the year	-	-	-	-	-	-	252,960	252,960	14,255	267,215
Exchange differences arising from translation of foreign operations	-	-	-	-	41,426	-	-	41,426	2,294	43,720
Loss on fair value changes of available-for-sale investments	-	-	(14,902)	-	-	-	-	(14,902)	-	(14,902)
Reclassification adjustment upon impairment of available-for-sale investments	-	-	10,000	-	-	-	-	10,000	-	10,000
Total comprehensive (expenses)/income for the year	-	-	(4,902)	-	41,426	-	252,960	289,484	16,549	306,033
Acquisition of additional interests in a subsidiary	-	-	-	-	-	(6,763)	-	(6,763)	6,763	-
Dividends paid to the shareholders of the Company – 2015 final dividend HK$0.009 per share	-	(86,500)	-	-	-	-	-	(86,500)	-	(86,500)
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(25,708)	(25,708)
As at 1 January 2017	**961,107**	**3,763,101**	**(32,526)**	**-**	**(1,324,351)**	**(338,628)**	**1,232,549**	**4,261,252**	**141,790**	**4,403,042**
Transitional adjustments on the initial application of HKFRS 9	**-**	**-**	**32,526**	**40,474**	**-**	**-**	**10,000**	**83,000**	**-**	**83,000**
Adjusted as at 1 January 2017	**961,107**	**3,763,101**	**-**	**40,474**	**(1,324,351)**	**(338,628)**	**1,242,549**	**4,344,252**	**141,790**	**4,486,042**
Profit for the year	-	-	-	-	-	-	**258,402**	**258,402**	**22,143**	**280,545**
Exchange differences arising from translation of foreign operations	**-**	**-**	**-**	**-**	**261,880**	**-**	**-**	**261,880**	**5,086**	**266,966**
Loss on fair value changes of equity investments designated at fair value through other comprehensive income	**-**	**-**	**-**	**(45,919)**	**-**	**-**	**-**	**(45,919)**	**-**	**(45,919)**
Total comprehensive (expenses)/income for the year	**-**	**-**	**-**	**(45,919)**	**261,880**	**-**	**258,402**	**474,363**	**27,229**	**501,592**
Acquisition of additional interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**(105,461)**	**-**	**(105,461)**	**(14,186)**	**(119,647)**
Dividends paid to the shareholders of the Company – 2016 final dividend HK$0.01 per share	**-**	**(96,111)**	**-**	**-**	**-**	**-**	**-**	**(96,111)**	**-**	**(96,111)**
Dividends distributed to non-controlling interests of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,171)**	**(15,171)**
As at 31 December 2017	**961,107**	**3,666,990**	**-**	**(5,445)**	**(1,062,471)**	**(444,089)**	**1,500,951**	**4,617,043**	**139,662**	**4,756,705**

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 and Changes in Accounting Policies

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") which are effective in the current year. In addition, the Group has early adopted HKFRS 9 (2014) Financial Instruments ("HKFRS 9") and changed the accounting policy for land and buildings in the current year.

Except for as described below, the adoption of other new and revised HKFRSs has no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

i. Early adoption of HKFRS 9

In the current year, the Group has elected to early adopt HKFRS 9 because this new accounting standard provides more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows of the Group. As allowed in the transitional provisions in HKFRS 9, the Group has chosen not to restate comparative figures, any difference between the carrying amount previously measured under HKAS 39 Financial Instruments: Recognition and Measurement and the carrying amount measured under HKFRS 9 as at 1 January 2017 is recognised in the retained earnings and/or investment at fair value through other comprehensive income reserve, as appropriate, at the date of initial application. HKFRS 9 does not apply to financial assets and financial liabilities that have already been derecognised at the date of initial application.

The accounting policies were changed to comply with the requirements of HKFRS 9. HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments: Disclosures.

The impact of the adoption of HKFRS 9 is shown as follows:

(a) Classification and measurement of financial assets and liabilities

At the date of initial application of HKFRS 9 (i.e. 1 January 2017), the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and the contractual cash flow characteristics of these financial assets and has classified its financial assets and liabilities into the appropriate categories of HKFRS 9.

The Group has elected to present changes in the fair value of all its equity investments that are not held for trading and measured at fair value at each reporting date under HKFRS 9 (previously classified as available-for-sale investments and were measured either at cost or fair value at each reporting date under HKAS 39) in other comprehensive income as they are long-term and strategic investments. As a result, available-for-sale investments with aggregate original carrying amount of approximately HK$179,821,000 were reclassified to equity investments designated at fair value through other comprehensive income ("FVTOCI") at an aggregated fair value of approximately HK$262,821,000 on 1 January 2017.

Cumulative fair value loss of HK$32,526,000 and impairment loss of HK$10,000,000 were reclassified from investment revaluation reserve and retained earnings respectively to the investment at fair value through other comprehensive income reserve, and cumulative fair value gain of HK$83,000,000 was recognised in the investment at fair value through other comprehensive income reserve upon remeasurement on 1 January 2017 for the available-for-sale investments previously carried at cost under HKAS 39 remeasured to fair value upon application of HKFRS 9. There is no longer any reclassification of accumulated amounts from the reserve to profit or loss upon the disposal of these investments. Other than the change in the classification of available-for-sale investments, the classification of other financial assets and liabilities remains unchanged.

(b) Impairment of financial assets

Financial assets measured at amortised cost are subject to the new expected credit loss model prescribed by HKFRS 9. The Group is required to revise its impairment methodology under HKFRS 9 for each class of its assets carried at amortised cost, except for cash in hand. For financial assets originally categorised as loans and receivables under HKAS 39 which continued to be measured at amortised cost under HKFRS 9 from 1 January 2017, the Group has determined that reliably assessing the probability of default of the counterparties at the initial recognition of each financial asset would result in undue cost and effort. As permitted by a transitional provision in HKFRS 9, the provision for doubtful debts for these financial assets will be determined based on whether their credit risk are low at each reporting date, and, if so, by recognising a 12-month expected losses amount. If the financial asset is not of a low credit risk, the corresponding provision for doubtful debts will be recognised as equal to lifetime expected losses.

For trade debtors, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected losses provision for all debtors. The Group's management performed a detailed assessment of expected credit losses on the date of initial application of HKFRS 9. There was no impact of the change in impairment methodology on the Group's impairment allowance and its equity at the date of initial application of HKFRS 9.

ii. Change in accounting policy for land and buildings

In accordance with HKAS 16 Property, Plant and Equipment, land and buildings can either be accounted for using the cost model or the revaluation model after their initial recognition. The Group accounted for its land and buildings using the revaluation model in previous years.

Given the fact that most of the land and buildings held by listed companies in Hong Kong in the similar industries are accounted for using the cost model, during the year, the Group aligned its accounting policy with the industry practice and stated its land and buildings at cost less accumulated depreciation and any impairment losses.

In addition, the Group's land and buildings are not expected to be sold in the normal course of business, but instead, the future economic benefits embodied in the properties will be recovered principally through use in the Group's operation. In the opinion of the Directors of the Company, this change in the accounting policy enables the Group to provide more reliable and relevant information about the effects of deploying the Group's land and buildings in its operation in the consolidated financial statements on its financial performance.

As required under HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting policy has been applied retrospectively. As a result, the Group's land and buildings are accounted for as if the cost model has been used since their initial recognition. Comparative figures have been restated accordingly.

The effects of change in accounting policy described above on the Group's financial performance for the year ended 31 December 2017 and 31 December 2016 are as follows:

	2017	2016
	HK$'000	HK$'000
Consolidated income statement		
Decrease in depreciation		
- Included in cost of sales	**1,460**	1,406
- Others	**5**	5
Increase in tax expenses	**(438)**	(422)
Increase in profit for the year	**1,027**	989
Increase in profit for the year attributable to shareholders of the Company	**1,027**	989
Increase in earnings per share		
- Basic	**0.01 cent**	0.01 cent
- Diluted	**0.01 cent**	0.01 cent
Consolidated statement of comprehensive income		
Increase in profit for the year	**1,027**	989
Decrease in exchange gain arising from translation of foreign operations	**(3,081)**	(277)
(Decrease)/increase in total comprehensive income for the year	**(2,054)**	712
(Decrease)/increase in total comprehensive income for the year attributable to shareholders of the Company	**(2,054)**	712

	As originally stated	Adjustments	As restated
	HK$'000	HK$'000	HK$'000
Consolidated income statement for the year ended 31 December 2016			
Cost of sales	(3,207,448)	1,406	(3,206,042)
Depreciation	(51,171)	5	(51,166)
Taxation	(94,524)	(422)	(94,946)
Profit for the year	266,226	989	267,215
Profit for the year attributable to shareholders of the Company	251,971	989	252,960
Earnings per share			
- Basic	2.62 cents	0.01 cents	2.63 cents
- Diluted	2.62 cents	0.01 cents	2.63 cents
Consolidated statement of comprehensive income for the year ended 31 December 2016			
Profit for the year	266,226	989	267,215
Exchange differences arising from translation of foreign operations	43,997	(277)	43,720
Total comprehensive income for the year	305,321	712	306,033
Total comprehensive income for the year attributable to shareholders of the Company	288,772	712	289,484

The effects of change in accounting policy described above on the Group's financial positions as at 31 December 2017, 31 December 2016 and 1 January 2016 are as follows:

	2017	2016
	HK$'000	HK$'000
Consolidated statement of financial position as at 31 December		
Decrease in property, plant and equipment	**(49,160)**	(47,654)
Decrease in deferred tax assets	**(2,227)**	(1,679)
Effects on net assets	**(51,387)**	(49,333)
Decrease in share premium and reserves	**(51,387)**	(49,333)
Effects on total equity	**(51,387)**	(49,333)

	As originally stated	Adjustments	As restated
	HK$'000	HK$'000	HK$'000
Consolidated statement of financial position as at 31 December 2016			
Property, plant and equipment	1,551,258	(47,654)	1,503,604
Deferred tax assets	57,157	(1,679)	55,478
Effects on net assets		(49,333)	
Asset revaluation reserve	34,379	(34,379)	-
Translation reserve	(1,337,741)	13,390	(1,324,351)
Retained earnings	1,260,893	(28,344)	1,232,549
Effects on total equity		(49,333)	
Consolidated statement of financial position as at 1 January 2016			
Property, plant and equipment	1,521,375	(48,785)	1,472,590
Deferred tax assets	48,305	(1,260)	47,045
Effects on net assets		(50,045)	
Asset revaluation reserve	34,379	(34,379)	-
Translation reserve	(1,379,444)	13,667	(1,365,777)
Retained earnings	1,008,922	(29,333)	979,589
Effects on total equity		(50,045)	

iii. Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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

HKFRS 15	Revenue from Contracts with Customers and the related Amendments [1]
HKFRS 16	Leases [2]
HKFRS 17	Insurance Contracts [4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration [1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments [2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions [1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts [1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation [2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures [2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle [1]
Amendments to HKAS 40	Transfers of Investment Property [1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

Based on the existing available information, the Directors of the Company have preliminarily assessed that the application of HKFRS 15 may only result in more disclosures instead of having material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has certain minimum lease charge payables. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors of the Company complete a detailed review.

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

3. Revenue

Revenue 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:

	2017	2016
	HK$'000	HK$'000
Agriculture-related	**2,048,480**	2,024,425
Health	**2,642,809**	2,839,356
Investment	**1,844**	4,759
	4,693,133	4,868,540

4. Other Income, Gains and Losses

	2017	2016
	HK$'000	HK$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	**6,776**	3,632
Other interest income	**545**	803
Gain on disposal of joint ventures	**3,631**	-
Gain on remeasurement of previously held interest in a joint venture	**5,178**	-
Net unrealised gain on fair value changes of investment properties	**181,013**	69,928
Impairment of available-for-sale investments	**-**	(10,000)
Fair value loss on investments mandatorily measured at fair value through profit or loss		
- Investments held for trading	**(1,729)**	(6,954)
Loss on derivative financial instruments	**(1,470)**	(1,868)

5. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK$970.9 million (2016: HK$987.0 million) of which HK$463.6 million (2016: HK$465.3 million) relating to direct labor costs were included in cost of sales.

6. Finance Costs

	2017	2016
	HK$'000	HK$'000
Interest on:		
Bank borrowings	**74,717**	65,048
Other borrowings	**19,485**	30,761
Finance leases	**25**	49
	94,227	95,858

7. Taxation

	2017	2016
	HK$'000	HK$'000
		(Restated)
The tax expenses for the year represent:		
Current tax		
Hong Kong	**-**	-
Other jurisdictions	**10,100**	79,849
(Over)/under provision in prior years		
Hong Kong	**-**	-
Other jurisdictions	**(386)**	11,499
Deferred tax		
Hong Kong	**-**	-
Other jurisdictions	**39,734**	3,598
	49,448	94,946

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 shareholders of the Company are based on the following data:

	2017	2016
	HK$'000	HK$'000 (Restated)
Profit for the year attributable to shareholders of the Company		
Profit for calculating basic and diluted earnings per share	**258,402**	252,960
Number of shares		
Number of ordinary shares in issue used in the calculation of basic and diluted earnings per share	**9,611,073,000**	9,611,073,000

Diluted earnings per share for the years ended 31 December 2017 and 31 December 2016 are the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding.

9. Dividends

A final dividend for the year ended 31 December 2017 of HK$0.01 per share (2016: HK$0.01 per share) with an aggregate amount of HK$96,111,000 (2016: HK$96,111,000) had been proposed by the Directors. It is subject to approval by the shareholders in the forthcoming general meeting.

10. Receivables and Prepayments

	2017	2016
	HK$'000	HK$'000
Trade receivables	**1,075,093**	931,202
Less: provision for impairment	**(13,034)**	(16,665)
	1,062,059	914,537
Other receivables, deposits and prepayments	**212,668**	142,874
	1,274,727	1,057,411

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.

	2017	2016
	HK$'000	HK$'000
0 - 90 days	**993,059**	841,299
Over 90 days	**69,000**	73,238
	1,062,059	914,537

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

	2017	2016
	HK$'000	HK$'000
Current	**893,915**	722,224
Less than 90 days past due	**146,002**	175,243
Over 90 days past due	**22,142**	17,070
	168,144	192,313
	1,062,059	914,537

11. Payables and Accruals

	2017	2016
	HK$'000	HK$'000
Trade payables	**407,197**	336,574
Other payables and accrued charges	**596,364**	550,781
	1,003,561	887,355

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

	2017	2016
	HK$'000	HK$'000
0 - 90 days	**396,184**	329,009
Over 90 days	**11,013**	7,565
	407,197	336,574

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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Segment revenue	**2,048,480**	2,024,425	**2,642,809**	2,839,356	**1,844**	4,759	**-**	-	**4,693,133**	4,868,540
Segment results	**317,016**	309,642	**356,850**	399,039	**2,071**	(8,033)	**-**	-	**675,937**	700,648
Research and development expenditure									**(174,283)**	(170,475)
Corporate expenses									**(77,434)**	(72,154)
Finance costs									**(94,227)**	(95,858)
Profit before taxation									**329,993**	362,161
Taxation									**(49,448)**	(94,946)
Profit for the year									**280,545**	267,215
Other information										
Amortisation of intangible assets	**(8,510)**	(7,099)	**(9,765)**	(12,071)	**-**	-	**-**	-	**(18,275)**	(19,170)
Depreciation	**(80,452)**	(72,508)	**(38,213)**	(35,398)	**-**	-	**(7,907)**	(7,949)	**(126,572)**	(115,855)
Net (impairment of)/ reversal of trade receivables	**(462)**	(2,258)	**2,655**	(2,154)	**-**	-	**-**	-	**2,193**	(4,412)
Unrealised gain on fair value changes of investment properties	**181,013**	69,928	**-**	-	**-**	-	**-**	-	**181,013**	69,928
Net (impairment of)/reversal of property, plant and equipment	**(58,152)**	(8,990)	**23,352**	-	**-**	-	**-**	-	**(34,800)**	(8,990)
Reversal of /(impairment of) intangible assets	**3,733**	(13,603)	**-**	-	**-**	-	**-**	-	**3,733**	(13,603)
(Written off)/reversal of written off of inventories	**(8,000)**	(16,362)	**4,320**	(40,041)	**-**	-	**-**	-	**(3,680)**	(56,403)
Impairment of available-for-sale investments	**-**	-	**-**	-	**-**	(10,000)	**-**	-	**-**	(10,000)

(b) Geographical information

Revenue 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.

	Revenue (note i)		Non-current assets (note ii)	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000 (Restated)
Asia Pacific	**2,851,000**	2,897,114	**4,073,227**	3,590,888
North America	**1,840,289**	1,966,667	**2,801,417**	2,779,234
	4,691,289	4,863,781	**6,874,644**	6,370,122

Notes :

i. Revenue 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 2017, 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 2017. 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 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 ("Audit Committee") 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 the Audit Committee on 26 June 2002 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Kwan Kai Cheong (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, risk management and internal control systems, 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 2017 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 2018 Annual General Meeting of the shareholders of the Company will be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 10 May 2018 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, 7 May 2018 to Thursday, 10 May 2018, 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 2018 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, 4 May 2018.

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16 May 2018, 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, 16 May 2018.

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, Mrs. Kwok Eva Lee (Independent Non-executive Director), Mr. Colin Stevens Russel (Independent Non-executive Director) and Mr. Kwan Kai Cheong (Independent Non-executive Director).