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**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 2023**

For the year ended 31 December 2023, CK Life Sciences Int'l., (Holdings) Inc. (“CK Life Sciences” or the “Company”) reported profit attributable to shareholders of HK\$17.3 million, compared with HK\$132 million in 2022, a decline of 87%. The decline in profit is attributable to the increase in finance costs of HK\$159.3 million, far more than the rise in profit before taxation and finance costs of HK\$23.1 million. Had interest rates remained at 2022 levels, profit attributable to shareholders in 2023 would have risen around 37%, to HK\$180.5 million.

The operating environment in the past three years has been volatile. In 2021, as the Covid-19 pandemic began to wane, we took timely action to increase pricing, streamline operations and improve efficiency to mitigate the impact of inflation, labour shortage and supply chain disruption. In 2022, when central banks around the world increased interest rates sharply to contain inflation, the solid operational foundation we had built enabled us to absorb some of the impact of higher finance charges and weakened foreign currencies against the Hong Kong dollar.

During the year under review, the operations of CK Life Sciences experienced an easing of the challenges resulting from the Covid-19 pandemic in the previous year, e.g., cost increases and bottlenecks in the supply chain and availability of labour. However, throughout the year, higher interest rates continued to exert severe pressure on financial management.

The Board of Directors has not recommended a final dividend for the year ended 31 December 2023 (2022: HK 0.8 cent per share).

### **HEALTHCARE RESEARCH AND DEVELOPMENT**

CK Life Sciences is deeply committed to R&D, with a strong focus on developing groundbreaking treatments for cancer and cancer supportive care, as well as innovative and accessible solutions for cancer early detection. Through our commitment to innovation and the application of cutting-edge technologies, we aim to make significant contributions that improve the lives of cancer patients and transform the landscape of cancer treatment.

## **Cancer Vaccines & Cancer Pain Management**

We have made significant progress in the development of therapeutic cancer vaccines, which harness the power of the body's immune system to combat cancer cells. Our most advanced vaccine, seviprotimut-L, is designed as a safe and effective adjuvant treatment for Stage IIB and IIC melanoma following surgical resection. Despite facing manufacturing disruptions partially caused by the pandemic, we are working tirelessly to overcome these challenges and move forward with the pivotal Phase III clinical trial.

At the discovery and preclinical development stage, we have a growing portfolio of therapeutic cancer vaccines, designed to target different tumour antigens, immune checkpoint proteins and other key proteins within the tumour-immune microenvironment. Some of these vaccines are starting to show promising results in the laboratory, including a PD-L1/ PRAME cancer vaccine that we hope to start clinical testing in the coming years. In addition, we are actively pursuing exciting new avenues for innovation, including leveraging Artificial Intelligence to develop state-of-the-art cancer vaccine discovery platforms. By harnessing the immense potential of Artificial Intelligence and strategically investing in cutting-edge enabling technologies, we aim to propel the pace of progress in the field of cancer vaccines.

Recognising the substantial market potential and urgent need for non-opioid analgesics, we are actively developing Halneuron<sup>®</sup> for the management of cancer pain. Given the need to carefully allocate our resources across multiple R&D projects, we plan to initiate a Phase III clinical trial for Halneuron<sup>®</sup> when the timing is appropriate. At present, a Phase IIB clinical trial is ongoing in South Korea and the United States to evaluate the efficacy and safety of Halneuron<sup>®</sup> for the management of chemotherapy-induced neuropathic pain.

## **Cancer Diagnostics**

With the alarming rise in cancer rates in people below the age of 50, there is an urgent need for early detection to enable timely intervention. We have strategically invested in the R&D of liquid biopsy tests, which offer a non-invasive and cost-effective approach to cancer detection, through analysing tumour-associated biomarkers in blood samples. By driving innovation in this field, our goal is to advance cancer detection methodologies and ultimately improve patient outcomes through early detection.

In accordance with our accounting policy, continuous investment in our pharmaceutical R&D projects is recognised as an expense in the period in which it is incurred.

## **NUTRACEUTICAL BUSINESS**

CK Life Sciences' nutraceutical business comprises (i) Vitaquest International Holdings LLC ("Vitaquest") in the United States; (ii) Santé Naturelle A.G. Ltée ("SNAG") in Canada; as well as (iii) Lipa Pharmaceuticals Limited ("Lipa") in Australia.

The market environment for the nutraceutical business was marked by inflationary concerns and volatility. Performance of the segment was satisfactory in 2023, with profit contribution amounting to HK\$283 million, 8% higher than in 2022.

Against the background of continued pressure from inflation, Vitaquest redoubled its effort in innovation and continuous improvement to reduce the impact of higher wages and material costs prevalent in the industry. Improvement in productivity and addition of new customers contributed to higher margins and profit growth. During the year, Vitaquest invested in a new manufacturing site which will enable it to process granulation, agglomeration and microencapsulation in-house, broadening its offering to a wider range of customers.

During the year, Lipa delivered steady sales and financial performance despite changes among its largest customers. Again, it received the 2023 Manufacturer of the Year Award from Complementary Medicines Australia, an industry association. It also expanded and relocated liquids and creams manufacturing facilities from the state of Victoria in Australia to New South Wales.

Demand for immunity products among SNAG consumers remained strong, enabling the company to maintain steady performance. In addition to increasing prices, it adapted procurement practices and explored new sourcing partners to protect margins.

## **AGRICULTURE-RELATED BUSINESS**

Our agriculture-related business consists of three main streams – (i) Australian Agribusiness (Holdings) Pty Ltd (“Australian Agribusiness”); (ii) the salt business; and (iii) a vineyard portfolio.

Despite erratic weather patterns posing challenges to some parts of the agriculture-related business, the segment reported profit contribution of HK\$350 million, 4% above 2022.

Australian Agribusiness faced an adverse operating environment, with continued dry weather conditions dampening confidence among customers in quickly depleting high trade stock. Market demand remained sluggish as a result. Focus during the year was on adding new domestic customers and implementing cost saving measures to mitigate lower volume and adjusting capacity to suit the needs of multinational customers better.

The salt business improved financial performance across the board, although adverse weather patterns severely curtailed domestic salt harvest in New Zealand and reduced demand in some weather-driven segments in Australia. The salt business was able to maintain steady supply to customers and recover higher costs through increased pricing.

CK Life Sciences owns close to 7,000 hectares of vineyards in Australia and New Zealand, all rented to wine companies or growers on long-term leases to generate steady and secure cash flow. In addition to successful renewal of expiring leases and portfolio adjustments, we also improved the quality of the portfolio with investment in a replanting and irrigation upgrading programme.

## **SUSTAINABILITY**

Following the kick-off of our journey last year to align reporting to the Task Force On Climate-Related Financial Disclosures (TCFD) framework, we have further increased emphasis this year on identifying and prioritising climate-related risks and opportunities that could have a significant impact on our business operations. We have also implemented programmes across our supply chain to appraise and select suppliers with reference to sustainability performance.

Our business units continued to monitor progress towards environmental targets, especially the reduction of greenhouse gas and energy and water intensity. Transition to renewable energy sources, and promotion of waste reduction and a recycling culture are hallmarks of our business strategy and sustainability agenda.

## **PROSPECTS**

With recent investments in asset renewal and continuous improvement, the foundations of our operating businesses remain strong. Contribution from operating businesses should continue to grow. It is expected that future reductions in interest rate would flow through to improvement in profit, though R&D projects advancing in maturity may cause an increase in investment / spending.

Once again, I would like to express my appreciation to our staff for their commitment and dedication in adversity. I would also like to thank our shareholders and the Board of Directors for their continued support and contribution.

**Victor T K Li**  
Chairman

Hong Kong, 19 March 2024

## **FINANCIAL REVIEW**

### **Financial Resources, Liquidity and Treasury Policies**

In 2023, 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.

The Group's bank borrowings were mainly for the acquisition of the Group's overseas businesses as well as providing general working capital. As at 31 December 2023, the bank borrowings amounted to HK\$5,422.9 million. All these borrowings were made on a floating interest rate basis and were granted based on some committed terms by, and with the guarantees of, the Company. As at 31 December 2023, certain assets of the Group's overseas subsidiaries with carrying value of HK\$938.5 million were pledged as part of the security for bank borrowings totalling HK\$112.9 million. The total interest expenses on bank borrowings of the Group for the year were HK\$300.0 million.

At the end of 2023, the total assets of the Group were about HK\$11,247.4 million, of which bank balances and time deposits were about HK\$664.3 million and listed investment in securities were about HK\$11.8 million.

The total net assets of the Group as at 31 December 2023 were HK\$4,189.3 million, representing HK\$0.44 per share. The net debt to net total capital ratio of the Group as at 31 December 2023 was approximately 53.18%, 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 bank 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 monitors its overall net debt position closely, reviews its funding costs and maturity profile regularly, and takes necessary actions to facilitate refinancing whenever appropriate.

### **Material Acquisitions/Disposals and Significant Investments**

There was no material acquisition/disposal during the year under review.

The Group has always been investing significantly in research and development activities. Total research and development expenditure incurred in 2023 amounted to about HK\$145.9 million.

## **Capital Commitments and Future Plans for Material Investments or Capital Assets**

As of 31 December 2023, the total capital commitments by the Group amounted to HK\$81.5 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 1,932 as at 31 December 2023 (2022: 1,856). The total staff costs, including directors' emoluments, amounted to approximately HK\$1,130.4 million for the year under review, which represents an increase of 9.2% 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 2023 (2022: Nil).

## Consolidated Income Statement

### For the year ended 31 December 2023

		<u>2023</u>	<u>2022</u>
	Notes	HK\$'000	HK\$'000
Revenue	3	5,322,733	5,275,590
Cost of sales		<u>(3,685,525)</u>	<u>(3,649,604)</u>
		<b>1,637,208</b>	1,625,986
Other income, gains and losses	4	<b>166,828</b>	128,011
Staff costs	5	<b>(593,381)</b>	(536,557)
Depreciation		<b>(93,573)</b>	(98,410)
Amortisation of intangible assets		<b>(2,547)</b>	(3,166)
Other expenses	6	<b>(723,859)</b>	(747,932)
Finance costs	7	<b>(322,425)</b>	(163,092)
Share of results of a joint venture		<b>333</b>	24
Profit before taxation		<b>68,584</b>	204,864
Taxation	8	<b>(51,334)</b>	(72,912)
Profit for the year		<b>17,250</b>	131,952
Attributable to:			
Shareholders of the Company		<b>17,250</b>	131,963
Non-controlling interests of a subsidiary		<b>-</b>	(11)
		<b>17,250</b>	131,952
Earnings per share	9		
- Basic		<b>0.18 cents</b>	1.37 cents

## Consolidated Statement of Comprehensive Income For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	17,250	131,952
Other comprehensive income/(expenses)		
<b>Item that will not be reclassified to profit or loss:</b>		
Actuarial (loss)/gain of defined benefit retirement plan	(249)	184
Gain on revaluation of property, plant and equipment	17,413	-
	17,164	184
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising from translation of foreign operations	74,740	(381,419)
Other comprehensive income/(expenses) for the year	91,904	(381,235)
Total comprehensive income/(expenses) for the year	109,154	(249,283)
Attributable to:		
Shareholders of the Company	109,154	(249,272)
Non-controlling interests of a subsidiary	-	(11)
	109,154	(249,283)

## Consolidated Statement of Financial Position

### As at 31 December 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Investment properties		1,827,660	1,817,665
Property, plant and equipment		2,373,127	2,230,677
Right-of-use assets		374,621	372,486
Intangible assets		3,572,711	3,594,780
Interests in a joint venture		5,875	5,447
Other financial assets		42,900	42,900
Deferred taxation		58,036	77,810
		8,254,930	8,141,765
<b>Current assets</b>			
Other financial assets		11,843	12,191
Tax recoverable		21,189	5,524
Inventories		1,204,538	1,284,961
Receivables and prepayments	11	1,090,590	1,130,387
Bank balances and deposits		664,320	691,934
		2,992,480	3,124,997
<b>Current liabilities</b>			
Payables and accruals	12	(850,094)	(878,895)
Bank borrowings		(1,150,000)	(3,056,496)
Lease liabilities		(71,780)	(69,418)
Taxation		(28,687)	(57,666)
		(2,100,561)	(4,062,475)
<b>Net current assets/(liabilities)</b>		<b>891,919</b>	<b>(937,478)</b>
<b>Total assets less current liabilities</b>		<b>9,146,849</b>	<b>7,204,287</b>

**Consolidated Statement of Financial Position (cont'd)**  
**As at 31 December 2023**

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
<b>Non-current liabilities</b>		
Bank borrowings	(4,272,947)	(2,374,000)
Lease liabilities	(436,381)	(446,251)
Deferred taxation	(238,567)	(220,444)
Retirement benefit obligations	(9,701)	(8,142)
	<u>(4,957,596)</u>	<u>(3,048,837)</u>
<b>Total net assets</b>	<u><u>4,189,253</u></u>	<u><u>4,155,450</u></u>
<b>Capital and reserves</b>		
Share capital	961,107	961,107
Share premium and reserves	3,228,146	3,197,094
<b>Equity attributable to shareholders of the Company</b>	<b>4,189,253</b>	4,158,201
Non-controlling interests of a subsidiary	-	(2,751)
<b>Total equity</b>	<u><u>4,189,253</u></u>	<u><u>4,155,450</u></u>

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2023

	Attributable to shareholders of the Company									
	Share capital	Share premium	Investment at fair value through other comprehensive income reserve	Translation reserve	Asset revaluation reserve	Other reserves	Retained earnings	Sub-total	Attributable to non-controlling interests of a subsidiary	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022	961,107	3,282,546	(103,347)	(1,324,997)	41,885	(541,036)	2,187,426	4,503,584	(2,740)	4,500,844
Profit for the year	-	-	-	-	-	-	131,963	131,963	(11)	131,952
Exchange differences arising from translation of foreign operations	-	-	-	(381,419)	-	-	-	(381,419)	-	(381,419)
Actuarial gain of defined benefit retirement plan	-	-	-	-	-	-	184	184	-	184
Total comprehensive (expenses)/income for the year	-	-	-	(381,419)	-	-	132,147	(249,272)	(11)	(249,283)
Dividends paid to the shareholders of the Company – 2021 final dividend HK\$0.01 per share	-	(96,111)	-	-	-	-	-	(96,111)	-	(96,111)
<b>As at 31 December 2022</b>	<b>961,107</b>	<b>3,186,435</b>	<b>(103,347)</b>	<b>(1,706,416)</b>	<b>41,885</b>	<b>(541,036)</b>	<b>2,319,573</b>	<b>4,158,201</b>	<b>(2,751)</b>	<b>4,155,450</b>
Profit for the year	-	-	-	-	-	-	17,250	17,250	-	17,250
Exchange differences arising from translation of foreign operations	-	-	-	74,740	-	-	-	74,740	-	74,740
Actuarial loss of defined benefit retirement plan	-	-	-	-	-	-	(249)	(249)	-	(249)
Gain on revaluation of property, plant and equipment	-	-	-	-	17,413	-	-	17,413	-	17,413
Total comprehensive income for the year	-	-	-	74,740	17,413	-	17,001	109,154	-	109,154
Acquisition of additional interests in a subsidiary	-	-	-	-	-	(1,213)	-	(1,213)	2,751	1,538
Dividends paid to the shareholders of the Company – 2022 final dividend HK\$0.008 per share	-	(76,889)	-	-	-	-	-	(76,889)	-	(76,889)
<b>As at 31 December 2023</b>	<b>961,107</b>	<b>3,109,546</b>	<b>(103,347)</b>	<b>(1,631,676)</b>	<b>59,298</b>	<b>(542,249)</b>	<b>2,336,574</b>	<b>4,189,253</b>	<b>-</b>	<b>4,189,253</b>

# Notes to the Consolidated Financial Statements

## 1. General Information

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 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 Amendments to Hong Kong Financial Reporting Standards

In the current year, the Group has adopted, for the first time, a number of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (collectively “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective in the current year.

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

### **Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has recognised a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities. The Group considered the adoption of the amendments have had no material impact on the consolidated financial statements.

### **Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies in the consolidated financial statements.

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Suppliers Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

The Group is in the process of assessing the impact of new HKFRSs, which are not yet effective, on the Group's consolidated financial statements. Up to the date of approval of financial statements, the Group anticipates the application of such new HKFRSs will have no material impact on the Group.

### 3. Revenue

Revenue represents net invoiced value of goods sold, after allowance for returns and trade discounts, as well as rental income and income from investments, and is analysed as follows:

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Sales of goods:		
Agriculture-related	1,913,356	2,005,001
Health	3,242,902	3,097,090
Revenue from contracts with customers	<u>5,156,258</u>	<u>5,102,091</u>
Rental income (included in agriculture-related segment)	165,308	172,680
Investment income	1,167	819
	<u>5,322,733</u>	<u>5,275,590</u>

Rental income represents the operating lease income with fixed lease payments.

#### 4. Other Income, Gains and Losses

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Included in other income, gains and losses are:		
Interest income from bank deposits	12,942	5,530
Other interest income	237	245
Government grants *	-	2,164
Exchange loss	(11,517)	(3,475)
Net unrealised gain on fair value changes of investment properties	32,191	46,717
Net reversal of impairment/(impairment) of property, plant and equipment	3,288	(22,490)
Reversal of impairment of intangible assets	3,886	19,495
Net impairment of trade receivables	(683)	(20,407)
Net gain on disposal of investment properties	8,060	27,526
Gain on disposal of intangible assets	77,763	23,685
Net gain on disposal of property, plant and equipment	8,808	300
Fair value (loss)/gain on investments mandatorily measured at fair value through profit or loss		
- Investments held for trading	<u>(348)</u>	<u>522</u>

\* During the year ended 31 December 2022, included in the government grants were COVID-19 subsidies of HK\$2,164,000 related to Employment Support Scheme provided by the Hong Kong government.

#### 5. Staff Costs

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the year amounted to HK\$1,130.4 million (2022: HK\$1,035.6 million) of which HK\$537.0 million (2022: HK\$499.0 million) relating to direct labor costs were included in cost of sales.

#### 6. Other Expenses

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Included in other expenses are:		
Auditor's remuneration	14,603	12,528
Clinical trial and laboratory expenses	100,878	106,729
Freight and delivery expenses	345,250	357,220
Information technology expenses	39,775	26,804
Insurance expenses	23,994	26,847
Professional, legal and consultancy expenses	43,630	39,378
Selling, promotion, advertising and related expenses	<u>52,749</u>	<u>59,321</u>

## 7. Finance Costs

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	300,024	140,194
Lease liabilities	<u>22,401</u>	<u>22,898</u>
	<u>322,425</u>	<u>163,092</u>

## 8. Taxation

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
The tax expenses for the year represent:		
Current tax		
Hong Kong	7	47
Other jurisdictions	19,704	65,745
Under/(over) provision in prior years		
Hong Kong	-	(6)
Other jurisdictions	3,991	4,111
Deferred tax		
Hong Kong	-	-
Other jurisdictions	<u>27,632</u>	<u>3,015</u>
	<u>51,334</u>	<u>72,912</u>

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.

## 9. Earnings Per Share

The calculations of the basic earnings per share attributable to shareholders of the Company are based on the following data:

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
<b>Profit for the year attributable to shareholders of the Company</b>		
Profit for calculating basic earnings per share	<u>17,250</u>	<u>131,963</u>
<b>Number of shares</b>		
Number of ordinary shares in issue used in the calculation of basic earnings per share	<u>9,611,073,000</u>	<u>9,611,073,000</u>

No diluted earnings per share for the years ended 31 December 2023 and 31 December 2022 were presented as there were no potential ordinary shares in issue.

## 10. Dividends

The Board of Directors has not recommended a final dividend for the year ended 31 December 2023 (2022: HK\$0.008 per share with an aggregate amount of HK\$76,889,000).

## 11. Receivables and Prepayments

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Trade receivables related to:		
- Sales of goods	912,610	963,355
- Operating leases	5,793	5,088
	<u>918,403</u>	<u>968,443</u>
Less: provision for impairment	<u>(24,715)</u>	<u>(26,004)</u>
	893,688	942,439
Other receivables, deposits and prepayments	<u>196,902</u>	<u>187,948</u>
	<u><u>1,090,590</u></u>	<u><u>1,130,387</u></u>

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

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
0 - 90 days	806,214	821,674
Over 90 days	87,474	120,765
	<u>893,688</u>	<u>942,439</u>

## 12. Payables and Accruals

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Trade payables	358,123	412,029
Other payables and accrued charges	491,971	466,866
	<u>850,094</u>	<u>878,895</u>

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

	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
0 - 90 days	353,194	392,456
Over 90 days	4,929	19,573
	<u>358,123</u>	<u>412,029</u>

### 13. 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		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<b>2,078,664</b>	2,177,681	<b>3,242,902</b>	3,097,090	<b>1,167</b>	819	<b>5,322,733</b>	5,275,590
Segment results	<b>349,628</b>	335,999	<b>283,195</b>	262,272	-	-	<b>632,823</b>	598,271
Unallocated other income, gains or losses							<b>(8,828)</b>	(7,793)
Research and development expenditure							<b>(145,874)</b>	(158,535)
Corporate expenses							<b>(87,112)</b>	(63,987)
Finance costs							<b>(322,425)</b>	(163,092)
Profit before taxation							<b>68,584</b>	204,864
Taxation							<b>(51,334)</b>	(72,912)
Profit for the year							<b>17,250</b>	131,952
Other information								
Interest income	<b>5,118</b>	2,030	<b>1,706</b>	245	<b>6,355</b>	3,500	<b>13,179</b>	5,775
Amortisation of intangible assets	<b>(1,451)</b>	(2,033)	<b>(1,096)</b>	(1,133)	-	-	<b>(2,547)</b>	(3,166)
Depreciation	<b>(115,809)</b>	(119,440)	<b>(103,567)</b>	(96,566)	<b>(11,818)</b>	(11,742)	<b>(231,194)</b>	(227,748)
Net reversal of impairment/ (impairment) of trade receivables	<b>819</b>	(287)	<b>(1,502)</b>	(20,120)	-	-	<b>(683)</b>	(20,407)
Net gain on disposal of investment properties	<b>8,060</b>	27,526	-	-	-	-	<b>8,060</b>	27,526
Gain on disposal of intangible assets	<b>77,763</b>	23,685	-	-	-	-	<b>77,763</b>	23,685
Net gain/(loss) on disposal of property, plant and equipment	<b>11,168</b>	(81)	<b>(2,360)</b>	390	-	(9)	<b>8,808</b>	300
Net unrealised gain on fair value changes of investment properties	<b>32,191</b>	46,717	-	-	-	-	<b>32,191</b>	46,717
Net reversal of impairment/ (impairment) of property, plant and equipment	<b>3,288</b>	(22,490)	-	-	-	-	<b>3,288</b>	(22,490)
Reversal of impairment of intangible assets	<b>3,886</b>	19,495	-	-	-	-	<b>3,886</b>	19,495

**(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)	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia Pacific	<b>2,836,964</b>	3,047,557	<b>4,968,452</b>	4,873,044
North America	<b>2,484,602</b>	2,227,214	<b>3,185,542</b>	3,148,011
	<b><u>5,321,566</u></b>	<u>5,274,771</u>	<b><u>8,153,994</u></b>	<u>8,021,055</u>

Notes :

- i. Revenue excluding investment income generated from financial instruments.
- ii. Non-current assets excluding deferred tax assets and other financial assets.

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

The Group does not have any material sales (excluding investment income generated from financial instruments) to countries other than those in which the Group companies are domiciled. There are no material non-current assets (excluding deferred tax assets and other financial assets) which are located in countries other than those in which the Group companies are domiciled.

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

During the year ended 31 December 2023, 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 of the Company and its subsidiaries ("Group"). The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize 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 Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2023.

The Group is committed to maintaining high corporate governance standards and conducting its businesses with ethics and integrity. The Group's vision, values and strategy are inextricably linked to its purpose and business operations. In compliance with the CG Code, the Company has adopted, and regularly reviews its comprehensive set of Corporate Governance Policies such as Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing, and Whistleblowing Policy - Procedures for Reporting Possible Improprieties. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

## **AUDIT COMMITTEE**

The Audit Committee comprises three members, all of whom are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Kwan Kai Cheong with Mr. Paul Joseph Tighe and Mr. Donald Jeffrey Roberts as members.

The Group's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Deloitte Touche Tohmatsu.

## **REMUNERATION COMMITTEE**

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Donald Jeffrey Roberts and the Chairman of the Board, Mr. Victor T K Li, as members.

## **NOMINATION COMMITTEE**

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Paul Joseph Tighe, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Donald Jeffrey Roberts and the Chairman of the Board, Mr. Victor T K Li, as members.

## **SUSTAINABILITY COMMITTEE**

The Sustainability Committee comprises an Executive Director, an Independent Non-executive Director and the Company Secretary. The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Senior Vice President and Chief Investment Officer. Other members include an Independent Non-executive Director, Mr. Paul Joseph Tighe, and the Company Secretary, Ms. Eirene Yeung.

## **ANNUAL GENERAL MEETING**

The 2024 Annual General Meeting ("2024 AGM") of the shareholders of the Company will be held on Thursday, 23 May 2024. Details of the arrangements will be provided in the Company's Circular in relation to the 2024 AGM which will be published and disseminated to the shareholders in accordance with the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024, 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 2024 AGM, 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, 17 May 2024.

*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. Toh Kean Meng, Melvin; and the Non-executive Directors are Mr. Peter Peace Tulloch, Mrs. Kwok Eva Lee (Independent Non-executive Director), Mr. Kwan Kai Cheong (Independent Non-executive Director), Mr. Paul Joseph Tighe (Independent Non-executive Director) and Mr. Donald Jeffrey Roberts (Independent Non-executive Director).*