



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)

Enhancing Everyday Wellness

Interim Report 2024



This interim report 2024 (both English and Chinese versions) (“Interim Report”) has been published on the Company’s website (<https://www.ck-lifesciences.com>) and the website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>).

If a shareholder wishes to receive the Company’s corporate communications (including but not limited to the Interim Report) from the Company in printed form, please follow the instructions set out in the “Dissemination of Corporate Communications” under the “Investor Relations” section of the Company’s website, to complete the relevant Request Form and return the completed form to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited.

Any such request from a shareholder will cease to be valid after one year, or such shorter period if the original request is revoked in writing, or superseded by a subsequent written request, by such shareholder, prior to the expiry date of the original request. A shareholder wishing to continue to receive corporate communications in printed form after expiry of the original request must complete and return a fresh Request Form.

Shareholders may at any time choose to change their choice as to the language of the Company’s corporate communications (including but not limited to the Interim Report) by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar by email to cklife.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.

In order to receive actionable corporate communications by email, shareholders are also requested to follow the relevant instructions set out in the “Dissemination of Corporate Communications” under the “Investor Relations” section of the Company’s website, to complete the relevant Request Form and return the completed form to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited.

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Corporate Information and Key Date

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor	<i>Chairman</i>
KAM Hing Lam	<i>President</i>
IP Tak Chuen, Edmond	<i>Senior Vice President and Chief Investment Officer</i>
YU Ying Choi, Alan Abel	<i>Vice President and Chief Executive Officer</i>
TOH Kean Meng, Melvin	<i>Vice President and Chief Scientific Officer</i>

Non-executive Directors

Peter Peace TULLOCH	<i>Non-executive Director</i>
KWOK Eva Lee	<i>Independent Non-executive Director</i>
KWAN Kai Cheong	<i>Independent Non-executive Director</i>
Paul Joseph TIGHE	<i>Independent Non-executive Director</i>
Donald Jeffrey ROBERTS	<i>Independent Non-executive Director</i>

AUDIT COMMITTEE

KWAN Kai Cheong (*Chairman*)
Paul Joseph TIGHE
Donald Jeffrey ROBERTS

REMUNERATION COMMITTEE

KWOK Eva Lee (*Chairperson*)
LI Tzar Kuoi, Victor
Donald Jeffrey ROBERTS

NOMINATION COMMITTEE

Paul Joseph TIGHE (*Chairman*)
LI Tzar Kuoi, Victor
Donald Jeffrey ROBERTS

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (*Chairman*)
Paul Joseph TIGHE
Eirene YEUNG

EXECUTIVE COMMITTEE

LI Tzar Kuoi, Victor (*Chairman*)
KAM Hing Lam
IP Tak Chuen, Edmond
YU Ying Choi, Alan Abel
TOH Kean Meng, Melvin
WU Pak To, Sunny
WONG Wun Lam, Peter

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

CHIEF FINANCIAL OFFICER

WONG Wun Lam, Peter

Corporate Information and Key Date (Cont'd)

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Canadian Imperial Bank of Commerce
China Construction Bank (Asia) Corporation Limited
Commonwealth Bank of Australia
Coöperatieve Rabobank U.A.
The Hongkong and Shanghai Banking Corporation Limited
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

HEAD OFFICE

2 Dai Fu Street
Tai Po Industrial Estate
Tai Po
Hong Kong

PRINCIPAL PLACE OF BUSINESS

7th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODES

The Stock Exchange of Hong Kong Limited: 0775
Bloomberg: 775 HK
Reuters: 0775.HK

WEBSITE

www.ck-lifesciences.com

KEY DATE

Interim Results Announcement 13 August 2024

Chairman's Statement

2024 FIRST HALF RESULTS

For the six months ended 30 June 2024, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") recorded unaudited profit attributable to shareholders of around HK\$1 million, a decline of 97% (HK\$35.9 million) as compared with the corresponding period last year. Profit before finance costs and taxation was actually HK\$174.5 million. However, this was largely offset by finance costs of HK\$169.5 million.

The Board of Directors has not declared any interim dividend for the period under review (2023: Nil).

SUBSEQUENT EVENT

Subsequent to closing for the reporting period, we announced the disposal of the land and water access licences relating to the Balranald Vineyard in the Riverina Region of New South Wales, Australia, an inland wine growing region affected by an oversupply of grapes resulting from lower exports, especially to China. We expect to record a gain on disposal of approximately AUD8.2 million (equivalent to approximately HK\$42.3 million) upon completion.

PHARMACEUTICALS & DIAGNOSTICS R&D

CK Life Sciences is deeply committed to R&D, with a strong focus on developing groundbreaking therapeutics for cancer and cancer supportive care, as well as innovative and accessible solutions for the early detection of cancer. Guided by a steadfast dedication to innovation and the application of cutting-edge technologies, we aim to make transformative contributions that improve the lives of cancer patients and redefine the landscape of cancer treatment.

Cancer Vaccines

We have made significant strides in developing therapeutic cancer vaccines that harness the power of the body's immune system to combat cancer cells. Our most advanced cancer vaccine, seviprotimut-L, is designed as a safe and effective adjuvant treatment for patients with Stage IIB and IIC melanoma following surgical resection. Despite facing manufacturing disruptions partially caused by the COVID-19 pandemic, our team at Polynoma is working tirelessly to overcome these challenges and advance seviprotimut-L into a pivotal Phase III clinical trial. Facility upgrades at our contract manufacturing site have been completed and preparation for an engineering run is in progress.

At the discovery and preclinical development stage, we have a growing portfolio of therapeutic cancer vaccines designed to target diverse tumour antigens, immune checkpoint proteins, and other key components within the tumour-immune microenvironment. Several of these investigational cancer vaccines are showing promise in the laboratory. We presented data from preclinical studies of two investigational cancer vaccines, targeting the KRAS (Kirsten rat sarcoma virus) and PD-L1 (programmed cell death-ligand 1) proteins, respectively, at the American Association for Cancer Research (AACR) Annual Meeting, held in San Diego, the United States, in April this year. In addition, several new patent applications have been filed.

CK Life Sciences is actively pursuing exciting new avenues for innovation, including leveraging artificial intelligence (AI) to develop a state-of-the-art cancer vaccine discovery platform. By harnessing the immense potential of AI and strategically investing in cutting-edge enabling technologies, we aim to propel the pace of progress in the field of cancer vaccines. Together with our research collaborator, XtalPi, we also highlighted our progress in the development of an AI-empowered cancer vaccine discovery platform at this year's AACR Annual Meeting.

Cancer Pain Management

Recognising the substantial market potential and urgent need for non-opioid analgesics, we are actively developing Halneuron[®] for cancer pain management. The US FDA and Health Canada have both allowed the start of a Phase III clinical trial of Halneuron[®] for Chemotherapy-induced Neuropathic Pain ("CINP"). We plan to initiate this Phase III trial for Halneuron[®] at the appropriate time. Meanwhile, a Phase IIB trial is underway in South Korea, Canada and the United States to evaluate Halneuron[®]'s efficacy and safety for CINP to improve chances of success of the Phase III trial.

Cancer Diagnostics

With the alarming rise in cancer rates in people below the age of 50, there is an urgent need for cancer early detection to enable earlier intervention and better patient outcomes. CK Life Sciences aims to develop innovative, non-invasive and cost-effective liquid biopsy tests that can be widely deployed.

We have strategically invested in Pharus, Inc. ("Pharus"), a cancer diagnostic company focused on the research, development, and commercialisation of liquid biopsy tests, based on analysing tumour-associated biomarkers in blood samples. Pharus is making good progress in the R&D of liquid biopsy tests for early detection of pancreatic cancer and lung cancer. Apart from our investment in Pharus, we also have other ongoing in-house cancer diagnostic R&D projects.

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

Chairman's Statement (Cont'd)

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.

Profit in the nutraceutical business segment was stable at HK\$156.4 million (HK\$155 million last year). While inflation began to ease in the first half of 2024, the accumulated impact of high inflation rates in the last twelve months continued to exert pressure on costs across operating units. Labour and supply chain disruption and cost pressures, although less severe than in 2023, continued to be challenging.

Vitaquest is an industry-leading development and commercialisation partner for the nutraceutical and functional food markets, with production facilities located in the state of New Jersey, the United States. During the first half of 2024, Vitaquest maintained good sales and profit growth momentum despite pressure on margins, with most key customers showing good volume growth.

SNAG is one of Canada's longest established companies specialising in progressive natural health solutions. During the period under review, it was able to achieve strong sales growth despite relentless competition in the market. Better sales and promotional management helped it to report growth in the majority of retailers in Quebec as well as export customers.

Lipa, one of the largest contract manufacturers of complementary healthcare medicines, vitamins, and nutritional supplements in Australia, is located in New South Wales. During the period under review, it was under severe pressure in both volume and margin, especially in some product formats in which there was significant over-capacity in the market. Some customers bringing manufacturing in-house also had an impact on volume and recovery of fixed costs.

AGRICULTURE-RELATED BUSINESS

The Company's agriculture-related business consists of three main streams – (i) Australian Agribusiness (Holdings) Pty Ltd ("Australian Agribusiness"); (ii) Cheetham Salt Group; and (iii) a vineyard portfolio.

Profit in the agriculture-related segments was HK\$134 million (HK\$159 million last year). The lower profit versus last year reflected not only dampened demand due to over-stocking in the trade, but also a one-time gain from disposal of water rights last year.

Australian Agribusiness comprises businesses in the manufacturing, wholesale, and retail of agriculture-related products. Against the background of continued high levels of inventory in the trade and unstable weather conditions, conservative ordering patterns among customers in Crop Solutions persisted, although other segments performed satisfactorily. Benefits from improvements in our operating models are emerging.

Chairman's Statement (Cont'd)

The Australia salt business has delivered good growth in both sales and profit despite challenging conditions in the agriculture sector and unstable weather conditions. The New Zealand salt business experienced a major equipment failure early in the year which set back production mildly, and demand from customers in the agriculture sector was lacklustre, but there was a marked improvement in the salt harvest.

Protected by long leases with reputable wine companies as tenants, the vineyard business provided solid underpinning to profit and cashflow in the agriculture-related segment. Performance of the portfolio remained steady during the period under review.

PROSPECTS

Higher finance costs and difficult market conditions in the first half of 2024 exerted pressure on profit, but we maintained steady investment in pharmaceuticals & diagnostics R&D. In the rest of the year, we are confident that business operations will improve, although the level of finance costs remains uncertain. We expect to increase investment in R&D as we ramp up production of clinical trial material in Polynoma in preparation for the Phase III clinical trial.

Our sustainable business model in which funds from operating businesses support the advancement of R&D activities remains robust. We are committed to protecting investment in R&D initiatives despite operating challenges.

I would like to take this opportunity to thank members of the Board for their ongoing contribution, our valued staff and our stakeholders for their continued support. In particular, I would like to extend my sincere gratitude to frontline staff who steered a steady course in the face of adverse and unpredictable conditions.

Victor T K Li
Chairman

Hong Kong, 13 August 2024

Directors' Biographical Information

LI Tzar Kuoi, Victor

aged 60, has been the Chairman of the Company since 2002. Mr. Li has been the Chairman of the Executive Committee of the Company since February 2021 and has been a member of the Remuneration Committee of the Company since March 2005. Mr. Li has been a member of the Nomination Committee of the Company since January 2019. Mr. Li is the Chairman and Executive Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK Infrastructure Holdings Limited, a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed companies/investment trust. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is the elder son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, the President of the Company. Mr. Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

Directors' Biographical Information (Cont'd)

KAM Hing Lam

aged 77, is the President of the Company. Mr. Kam had been the President and Chief Executive Officer of the Company since June 2002 and was re-designated as the President of the Company since September 2020. Mr. Kam has been an Executive Committee Member of the Company since February 2021. Mr. Kam is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Group Managing Director of CK Infrastructure Holdings Limited. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company. Mr. Kam is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

IP Tak Chuen, Edmond

aged 72, is the Senior Vice President and Chief Investment Officer of the Company. He has been the Chairman of the Sustainability Committee of the Company since December 2020 and has been an Executive Committee Member of the Company since February 2021. Mr. Ip joined the CK Group in 1993 and the Group in December 1999. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Chairman and Executive Committee Member of CK Asset Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

Directors' Biographical Information (Cont'd)

YU Ying Choi, Alan Abel

aged 69, is the Vice President and Chief Executive Officer of the Company. Mr. Yu had been Vice President and Chief Operating Officer of the Company since June 2002 and was promoted to Vice President and Chief Executive Officer of the Company in September 2020. He has been an Executive Committee Member of the Company since February 2021. He holds a Bachelor of Arts degree and a Master's degree in Business Administration and is a fellow member of The Hong Kong Institute of Directors. Mr. Yu has held a number of positions in the consumer finance, food and fast-moving consumer goods sectors in Asia and Australasia. Prior to joining the Group in 2000, he was Worldwide Vice President in a leading US diversified healthcare multinational corporation.

TOH Kean Meng, Melvin

aged 57, is the Vice President and Chief Scientific Officer of the Company. He has been an Executive Committee Member of the Company since February 2021. Dr. Toh joined the Group in January 2008 and was previously Vice President, Pharmaceutical Development, of the Company. He holds Bachelor of Medicine and Bachelor of Surgery degrees from the National University of Singapore and a Master of Science degree in Epidemiology from the University of London. He is registered with the Singapore Medical Council and the General Medical Council, United Kingdom. Dr. Toh has over 30 years of experience in clinical medicine and pharmaceutical research and development, and has held various management and scientific positions in Asia and the United States. Prior to joining the Group, Dr. Toh was Director of Clinical Pharmacology in Oncology Development, directing a team of scientists working on the clinical development of new cancer drugs for a leading pharmaceutical firm in the United States.

TULLOCH, Peter Peace

aged 80, has been a Non-executive Director of the Company since April 2002. Mr. Tulloch serves as the Chairman and Non-executive Director of each of Victoria Power Networks Pty Ltd, SA Power Networks and Australian Gas Networks Limited. He is also Chairman and a Non-executive Director of both Powercor Australia Limited and CitiPower Pty Ltd. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Tulloch is a Fellow of the Institute of Canadian Bankers and has spent more than 30 years in Asia.

Directors' Biographical Information (Cont'd)

KWOK Eva Lee

aged 82, has been an Independent Non-executive Director of the Company since June 2002. She has been a member of the Remuneration Committee of the Company since January 2005 and the Chairperson of the Remuneration Committee of the Company since January 2012. She acted as a member of the Audit Committee of the Company from June 2002 to June 2019. Mrs. Kwok currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Cenovus Energy Inc. ("Cenovus Energy"). Mrs. Kwok currently serves as an Independent Non-executive Director of CK Asset Holdings Limited, an Independent Non-executive Director and the Chairperson of the Nomination Committee of CK Infrastructure Holdings Limited, and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She also sits on the Governance Committee of Cenovus Energy. Except for Amara and LKS Canada Foundation, all the companies mentioned above are listed companies. She is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Human Resources and Compensation Committee of Cenovus Energy, the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Audit Committee of CK Infrastructure Holdings Limited, the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

Directors' Biographical Information (Cont'd)

KWAN Kai Cheong

aged 74, has been an Independent Non-executive Director of the Company since March 2015 and the Chairman of the Audit Committee of the Company since May 2015. Mr. Kwan is Chairman of the Board of GT Land Holdings Limited, a commercial property company in China and Managing Director of Morrison & Company Limited, a business consultancy firm. He worked for Merrill Lynch & Co., Inc. for over 10 years during the period from 1982 to 1993, with his last position as President for its Asia Pacific region. He was formerly Joint Managing Director of Pacific Concord Holding Limited. Mr. Kwan is also an Independent Non-executive Director of HK Electric Investments Limited, HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, Greenland Hong Kong Holdings Limited, Henderson Sunlight Asset Management Limited ("HSAM") as the manager of Sunlight Real Estate Investment Trust and Win Hanverky Holdings Limited. Mr. Kwan is also a Director of The Hongkong Electric Company, Limited ("HK Electric"). Except for HKEIM, HSAM and HK Electric, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Kwan holds a Bachelor of Accountancy (Honours) degree and is a Fellow of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Directors. He completed the Stanford Executive Program in 1992.

Directors' Biographical Information (Cont'd)

TIGHE, Paul Joseph

aged 68, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since June 2019 and a member of the Sustainability Committee of the Company since December 2020. He has been a member of the Nomination Committee of the Company since June 2019 and acted as the Chairman of the Nomination Committee of the Company since December 2020. Mr. Tighe is an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Infrastructure Holdings Limited, both listed companies. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO and a director of a company controlled by a substantial shareholder of the Company.

Directors' Biographical Information (Cont'd)

ROBERTS, Donald Jeffrey

aged 73, has been an Independent Non-executive Director, a member of the Audit Committee and a member of the Nomination Committee of the Company since July 2020. He has been a member of the Remuneration Committee of the Company since September 2022. Mr. Roberts is an Independent Non-executive Director of CK Asset Holdings Limited (listed in Hong Kong); an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong; and an Independent Non-executive Director of Queen's Road Capital Investment Ltd. (listed in Canada). He is also a Director of The Hongkong Electric Company, Limited, and an Independent Non-executive Director of Welab Bank Limited and Welab Capital Limited. He was previously an Independent Non-executive Director of NexGen Energy Ltd. (listed in the U.S.A., Canada and Australia). He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts was a Member of the Listing Committee of the Main Board and GEM of The Stock Exchange of Hong Kong Limited from July 2015 to July 2020. He was previously a member of the Executive Committee of The Canadian Chamber of Commerce (the "Chamber") in Hong Kong and is currently Governor of the Chamber. He previously served as a Governor of the Canadian International School of Hong Kong for the periods from 1998 to 2004, and from 2006 to 2012, and also a member on its Finance & Administration Committee. Mr. Roberts has served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for 9 years. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2024, the total assets of the Group were about HK\$10,888.5 million, of which bank balances and time deposits were about HK\$549.2 million and listed investment in securities was about HK\$12.9 million.

At the end of the period under review, the total liabilities of the Group were HK\$6,874.5 million, comprising bank borrowings amounted to HK\$5,470.0 million. These borrowings were mainly used for financing the acquisition of overseas businesses as well as providing general working capital for some of the overseas businesses. The total interest expenses on bank borrowings of the Group for the six months ended 30 June 2024 were HK\$158.7 million.

As at 30 June 2024, the net debt to net total capital ratio of the Group was approximately 55.07%, 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 net asset value of the Group was HK\$0.42 per share.

TREASURY POLICIES

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

The Group's treasury investments are denominated in Hong Kong dollars and United States dollars, and thus there is no exchange rate risk associated with such investments. Most of the Group's borrowings are principally on a floating rate basis. To minimise its interest rate risk, the Group has been regularly and closely monitoring its overall net debt position, and reviewing its funding costs and loan maturity profile so as to facilitate refinancing whenever appropriate.

CHARGE ON ASSETS

As at 30 June 2024, certain assets of the Group's subsidiary companies with a carrying value of HK\$907.4 million were pledged as part of the security for bank borrowings totalling HK\$110.0 million granted to the subsidiary companies.

Financial Review (Cont'd)

MATERIAL ACQUISITIONS/DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no material acquisition/disposal of investments during the period under review.

The Group has always been investing significantly in research and development activities. Such expenditure amounted to about HK\$72.9 million for the period ended 30 June 2024.

CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2024, the total capital commitments by the Group amounted to HK\$85.4 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 1,968 as at 30 June 2024, and is 81 more than the total headcount of 1,887 as at 30 June 2023. The total staff costs, including director's emoluments, amounted to approximately HK\$608.0 million for the six months ended 30 June 2024, which represents an increase of 11% as compared to the same period in 2023. The Group's remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2023.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024.

Condensed Consolidated Income Statement

	Notes	For the six months ended 30 June	
		2024	2023
		(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	3	2,635,851	2,579,128
Cost of sales		(1,836,417)	(1,779,656)
		799,434	799,472
Other income, gains and losses		21,950	74,591
Staff costs	4	(318,099)	(294,953)
Depreciation		(44,929)	(47,187)
Amortisation of intangible assets		(1,311)	(1,151)
Other expenses		(282,672)	(332,317)
Finance costs		(169,530)	(141,687)
Share of results of a joint venture		151	82
Profit before taxation		4,994	56,850
Taxation	5	(3,993)	(19,938)
Profit for the period	6	1,001	36,912
Attributable to: Shareholders of the Company		1,001	36,912
Earnings per share – Basic	7	0.01 cents	0.38 cents

Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Profit for the period	1,001	36,912
Other comprehensive (expenses)/income		
Item that will not be reclassified to profit or loss:		
Actuarial loss of defined benefit retirement plan	–	(204)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	(176,221)	50,549
Other comprehensive (expenses)/income for the period	(176,221)	50,345
Total comprehensive (expenses)/income for the period	(175,220)	87,257
Attributable to:		
Shareholders of the Company	(175,220)	87,257

Condensed Consolidated Statement of Financial Position

		As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
	Notes		
Non-current assets			
Investment properties	9	1,789,979	1,827,660
Property, plant and equipment	10	2,320,268	2,373,127
Right-of-use assets	11	341,500	374,621
Intangible assets	12	3,530,528	3,572,711
Interests in a joint venture		5,873	5,875
Other financial assets		42,900	42,900
Deferred taxation		57,116	58,036
		8,088,164	8,254,930
Current assets			
Other financial assets		12,888	11,843
Tax recoverable		50,379	21,189
Inventories		1,183,807	1,204,538
Receivables and prepayments	13	1,004,103	1,090,590
Bank balances and deposits		549,200	664,320
		2,800,377	2,992,480
Current liabilities			
Payables and accruals	13	(646,650)	(850,094)
Bank borrowings	14	(2,124,000)	(1,150,000)
Lease liabilities		(66,271)	(71,780)
Taxation		(40,285)	(28,687)
		(2,877,206)	(2,100,561)
Net current (liabilities)/assets		(76,829)	891,919
Total assets less current liabilities		8,011,335	9,146,849

Condensed Consolidated Statement of Financial Position (Cont'd)

		As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
	Notes		
Non-current liabilities			
Bank borrowings	14	(3,345,986)	(4,272,947)
Lease liabilities		(409,938)	(436,381)
Deferred taxation		(231,618)	(238,567)
Retirement benefit obligations		(9,760)	(9,701)
		(3,997,302)	(4,957,596)
Total net assets			
		4,014,033	4,189,253
Capital and reserves			
Share capital	15	961,107	961,107
Share premium and reserves		3,052,926	3,228,146
Total equity			
		4,014,033	4,189,253

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Investment at fair value through other comprehensive income reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Asset revaluation reserve (unaudited) HK\$'000	Other reserves (unaudited) HK\$'000	Retained earnings (unaudited) HK\$'000	Sub-total (unaudited) HK\$'000	Attributable to non-controlling interests of a subsidiary (unaudited) HK\$'000	Total (unaudited) HK\$'000
2023										
At 1 January 2023	961,107	3,186,435	(103,347)	(1,706,416)	41,885	(541,036)	2,319,573	4,158,201	(2,751)	4,155,450
Profit for the period	-	-	-	-	-	-	36,912	36,912	-	36,912
Exchange differences arising from translation of foreign operations	-	-	-	50,549	-	-	-	50,549	-	50,549
Actuarial loss of defined benefit retirement plan	-	-	-	-	-	-	(204)	(204)	-	(204)
Total comprehensive income for the period	-	-	-	50,549	-	-	36,708	87,257	-	87,257
Acquisition of additional interest 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)
At 30 June 2023	961,107	3,109,546	(103,347)	(1,655,867)	41,885	(542,249)	2,356,281	4,167,356	-	4,167,356
2024										
At 1 January 2024	961,107	3,109,546	(103,347)	(1,631,676)	59,298	(542,249)	2,336,574	4,189,253	-	4,189,253
Profit for the period	-	-	-	-	-	-	1,001	1,001	-	1,001
Exchange differences arising from translation of foreign operations	-	-	-	(176,221)	-	-	-	(176,221)	-	(176,221)
Total comprehensive (expenses)/income for the period	-	-	-	(176,221)	-	-	1,001	(175,220)	-	(175,220)
At 30 June 2024	961,107	3,109,546	(103,347)	(1,807,897)	59,298	(542,249)	2,337,575	4,014,033	-	4,014,033

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2024	2023
	(unaudited) HK\$'000	(unaudited) HK\$'000
Net cash from operating activities	145,403	80,497
Net cash outflow from investing activities	(95,763)	(16,375)
Net cash outflow from financing activities	(155,447)	(265,229)
Decrease in cash and cash equivalents	(105,807)	(201,107)
Cash and cash equivalents at beginning of the period	664,320	691,934
Effect of foreign exchange rate changes	(9,313)	2,569
Cash and cash equivalents at end of the period	549,200	493,396

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments, which are measured at revaluated amounts or fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2023 (the “2023 Financial Statements”), except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively “new and revised HKFRSs”) issued by HKICPA which have become effective in this period as detailed in note 2 of the 2023 Financial Statements. The adoption of such new and revised HKFRSs has no material impact on the accounting policies in the Group’s interim financial statements for the period.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

3. REVENUE AND SEGMENT INFORMATION

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:

A. Revenue

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Sales of goods:		
Agriculture-related	869,645	932,967
Nutraceutical	1,680,845	1,560,347
Revenue from contracts with customers	2,550,490	2,493,314
Rental income (included in agriculture-related segment)	84,020	85,065
Investment income	1,341	749
	2,635,851	2,579,128

Revenue from contracts with customers regarding the sale of goods is generally recognised at a point in time when the control of the goods underlying the particular performance obligation is transferred to the customers.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

B. Segment results

An analysis of the segment results is as follows:

	Agriculture-related		Nutraceutical		Pharmaceuticals & Diagnostics R&D		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	953,665	1,018,032	1,680,845	1,560,347	-	-	1,341	749	2,635,851	2,579,128
Segment results	133,958	158,911	156,422	154,970	(72,904)	(70,931)	-	-	217,476	242,950
Unallocated other income, gains or losses									1,216	(4,278)
Corporate expenses									(44,168)	(40,135)
Finance costs									(169,530)	(141,687)
Profit before taxation									4,994	56,850
Taxation									(3,993)	(19,938)
Profit for the period									1,001	36,912

4. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the six months ended 30 June 2024 amounted to HK\$608.0 million (2023: HK\$546.7 million) of which HK\$289.9 million (2023: HK\$251.7 million) relating to direct labor costs were included in cost of sales.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

5. TAXATION

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
Hong Kong	1	3
Other jurisdictions	3,769	36,205
Deferred tax		
Other jurisdictions	223	(16,270)
	3,993	19,938

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.

6. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period has been arrived at after crediting:		
Included in revenue:		
Rental income from investment properties	84,020	85,065
Included in other income, gains and losses:		
Interest income from bank deposits	5,909	6,290
Fair value gain on investments mandatorily measured at fair value through profit or loss	1,045	348

Notes to the Condensed Consolidated Financial Statements (Cont'd)

7. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period attributable to shareholders of the Company		
Profit for calculating basic earnings per share	1,001	36,912
Number of shares		
Number of ordinary shares in issue used in the calculation of basic earnings per share	9,611,073,000	9,611,073,000

No diluted earnings per share for the periods ended 30 June 2024 and 2023 were presented as there were no potential ordinary shares in issue.

8. DIVIDENDS

The Board of Directors of the Company has not declared an interim dividend for the six months ended 30 June 2024 (2023: Nil).

9. INVESTMENT PROPERTIES

	HK\$'000
Valuation	
At 1 January 2024	1,827,660
Additions	15,485
Exchange differences	(53,166)
At 30 June 2024	1,789,979

Notes to the Condensed Consolidated Financial Statements (Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Vines HK\$'000	Salt fields HK\$'000	Construction in progress HK\$'000	Laboratory instruments, plant and equipment HK\$'000	Furniture, fixtures and other assets HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
Cost or valuation								
At 1 January 2024	651,347	643,357	519,254	188,381	1,393,140	202,479	301,879	3,899,837
Additions	159	–	1,529	80,072	2,027	2,076	–	85,863
Reclassification	8,188	–	–	(71,848)	32,749	3,853	27,058	–
Disposals/write-off	–	–	–	–	(21,687)	(4,262)	(74)	(26,023)
Exchange differences	(14,425)	(18,368)	(15,399)	(4,710)	(28,704)	(2,307)	(1,997)	(85,910)
At 30 June 2024	645,269	624,989	505,384	191,895	1,377,525	201,839	326,866	3,873,767
Depreciation and impairment								
At 1 January 2024	148,462	314,993	–	–	763,635	150,871	148,749	1,526,710
Provided for the period	7,586	9,497	–	–	46,855	8,394	8,178	80,510
Eliminated upon disposals/write-off	–	–	–	–	(21,232)	(3,600)	(15)	(24,847)
Exchange differences	(2,702)	(8,734)	–	–	(14,942)	(1,430)	(1,066)	(28,874)
At 30 June 2024	153,346	315,756	–	–	774,316	154,235	155,846	1,553,499
Carrying values								
At 30 June 2024	491,923	309,233	505,384	191,895	603,209	47,604	171,020	2,320,268
At 31 December 2023	502,885	328,364	519,254	188,381	629,505	51,608	153,130	2,373,127

11. RIGHT-OF-USE ASSETS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Land and buildings	310,402	345,694
Machinery and equipment	18,029	17,146
Furniture, fixtures and other assets	13,069	11,781
	341,500	374,621

Notes to the Condensed Consolidated Financial Statements (Cont'd)

12. INTANGIBLE ASSETS

	Development costs HK\$'000	Patents HK\$'000	Goodwill HK\$'000	Brand name and trademarks HK\$'000	Customer relationships HK\$'000	Water rights HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
Cost								
At 1 January 2024	417,970	133	2,779,648	122,254	365,736	248,069	27,807	3,961,617
Additions	–	–	–	–	–	47	2,926	2,973
Exchange differences	(7,856)	(4)	(25,189)	(4,154)	(4,878)	(6,504)	(871)	(49,456)
At 30 June 2024	410,114	129	2,754,459	118,100	360,858	241,612	29,862	3,915,134
Amortisation and impairment								
At 1 January 2024	465	133	–	–	365,736	3,994	18,578	388,906
Provided for the period	–	–	–	–	–	–	1,311	1,311
Exchange differences	(18)	(4)	–	–	(4,878)	(105)	(606)	(5,611)
At 30 June 2024	447	129	–	–	360,858	3,889	19,283	384,606
Carrying values								
At 30 June 2024	409,667	–	2,754,459	118,100	–	237,723	10,579	3,530,528
At 31 December 2023	417,505	–	2,779,648	122,254	–	244,075	9,229	3,572,711

Notes to the Condensed Consolidated Financial Statements (Cont'd)

13. RECEIVABLES AND PAYABLES

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

The ageing analysis of trade receivables and trade payables based on invoice dates is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade receivables		
0–90 days	748,978	806,214
Over 90 days	69,496	87,474
	818,474	893,688
Trade payables		
0–90 days	267,542	353,194
Over 90 days	3,474	4,929
	271,016	358,123

14. BANK BORROWINGS

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

15. SHARE CAPITAL

	Number of share of HK\$0.1 each '000	Nominal value HK\$'000
Authorised		
At 31 December 2023 and 30 June 2024	15,000,000	1,500,000
Issued and fully paid		
At 31 December 2023 and 30 June 2024	9,611,073	961,107

Notes to the Condensed Consolidated Financial Statements (Cont'd)

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on a recurring basis

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2024				
Financial assets at fair value through profit or loss				
Equity securities – listed in Hong Kong	12,888	–	–	12,888
Unlisted investment	–	–	42,900	42,900
	12,888	–	42,900	55,788
As at 31 December 2023				
Financial assets at fair value through profit or loss				
Equity securities – listed in Hong Kong	11,843	–	–	11,843
Unlisted investment	–	–	42,900	42,900
	11,843	–	42,900	54,743

There were no transfers between Levels 1 and 2, or transfers into or out of Level 3 during the six months ended 30 June 2024 and 2023.

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties during the six months ended 30 June 2024:

- (i) The Group made sales of HK\$14.2 million (2023: HK\$10.0 million) to CK Hutchison Holdings Limited, a substantial shareholder of the Company, and its subsidiaries.
- (ii) The Group made sales of HK\$0.9 million (2023: HK\$0.2 million) to a joint venture of Cheetham Salt Limited, a wholly-owned subsidiary of the Company during the period.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Li Tzar Kuoi, Victor	Beneficial owner & interest of controlled corporations	2,250,000	-	2,835,759,715 (Note 1)	-	2,838,009,715	29.52%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Yu Ying Choi, Alan Abel	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Peter Peace Tulloch	Beneficial owner	1,050,000	-	-	-	1,050,000	0.01%
Kwok Eva Lee	Beneficial owner	200,000	-	-	-	200,000	0.002%
Donald Jeffrey Roberts	Interests held jointly	-	-	-	816,000 (Note 2)	816,000	0.008%

Notes:

- Such 2,835,759,715 shares are held by two subsidiaries of Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF.
- Such 816,000 shares are jointly held by Mr. Donald Jeffrey Roberts and his wife.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 June 2024, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 30 June 2024, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(1) LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Gold Rainbow (BVI) Limited (formerly known as "Gold Rainbow Int'l Limited")	Beneficial owner	4,355,634,570	45.31%
Gotak (BVI) Limited (formerly known as "Gotak Limited")	Interest of a controlled corporation	4,355,634,570 (Note i)	45.31%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	4,355,634,570 (Note ii)	45.31%
CK Hutchison Holdings Limited	Interest of controlled corporations	4,355,634,570 (Note iii)	45.31%
Trueway International Limited	Beneficial owner	2,119,318,286	22.05%
Li Ka Shing Foundation Limited	Interest of controlled corporations	2,835,759,715 (Note iv)	29.50%
Li Ka-shing	Interest of controlled corporations	2,835,759,715 (Note v)	29.50%

Interests and Short Positions of Shareholders (Cont'd)

(2) LONG POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Triluck Assets Limited	Beneficial owner	716,441,429	7.45%

Notes:

- i. This represents the same block of shares in the Company as shown against the name of Gold Rainbow (BVI) Limited (formerly known as "Gold Rainbow Int'l Limited") ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak (BVI) Limited (formerly known as "Gotak Limited"), Gotak (BVI) Limited is deemed to be interested in the same number of shares in which Gold Rainbow is interested under the SFO.
- ii. As Gotak (BVI) Limited is wholly-owned by Cheung Kong (Holdings) Limited ("CKH"), CKH is deemed to be interested in the same number of shares in which Gotak (BVI) Limited is deemed to be interested under the SFO.
- iii. As CKH is wholly-owned by CK Hutchison Holdings Limited ("CK Hutchison"), CK Hutchison is deemed to be interested in the same number of shares in which CKH is deemed to be interested under the SFO.
- iv. Trueway International Limited ("Trueway") and Triluck Assets Limited ("Triluck") are wholly-owned by LKSF and LKSF is deemed to be interested in a total of 2,835,759,715 shares under the SFO, being the aggregate of the shares in which Trueway and Triluck are interested as shown against the names Trueway and Triluck above.
- v. By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSF. Mr. Li Ka-shing is deemed to be interested in the same number of shares in which LKSF is deemed to be interested as mentioned above under the SFO.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures at 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 Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30 June 2024.

The Group adheres to high corporate governance standards and conducts 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.

(1) BOARD COMPOSITION AND BOARD PRACTICES

The Board, accountable to the shareholders under the leadership of the Chairman of the Board (the “Chairman”), leads, directs and supervises the Company’s affairs to enable the long-term success of the Company. The Board is responsible for shaping and monitoring the corporate culture, setting long-term strategic objectives, policies and directions of the Company with appropriate focus on values creation and risk management. The Board evaluates the Group’s operating, financial and sustainability performance and oversees the executive management of the Company.

As at 30 June 2024 and as at the date of this Interim Report, the Board consists of ten Directors, comprising five Executive Directors (including the Chairman, the President, the Senior Vice President and Chief Investment Officer, the Vice President and Chief Executive Officer and the Vice President and Chief Scientific Officer), one Non-executive Director and four Independent Non-executive Directors. Throughout the six months ended 30 June 2024 and up to the date of this Interim Report, more than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise. All Directors (including Non-executive Directors) are subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election by shareholders at general meetings in accordance with the Company’s Articles of Association and the CG Code.

Corporate Governance (Cont'd)

The positions of Chairman and Chief Executive Officer are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

All Directors make active contribution to the affairs of the Board and the Board acts in the best interests of the Group. In addition to regular Board meetings, the Chairman meets with the Independent Non-executive Directors without the presence of other Directors twice every year, providing an exclusive platform for Independent Non-executive Directors to raise concerns, exchange views and discuss issues about the Company or its business, such as corporate governance enhancement, efficiency of the Board and any other matters they may wish to discuss without the presence of the Executive Directors and the management.

The Company Secretary, reporting to the Chairman, advises the Board on corporate governance and other regulatory compliance matters and is responsible for keeping the Board abreast of developments in the law, rules and regulations that may affect the Company's business and operations. The Company Secretary also assists the Board in monitoring the Company's compliance with Board procedures and the requirements under the Listing Rules and other applicable law, rules and regulations.

(2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' dealings in securities of the Company ("Model Code"). The Company will review and revise the Model Code to reflect any amendments to Appendix C3 to the Listing Rules from time to time. All Directors have confirmed that they have complied with the required standards set out in the Model Code regarding their dealings in securities of the Company during the six months ended 30 June 2024.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities. The Company has adopted a policy on handling of confidential information, information disclosure and securities dealing, applicable to the Group's employees when they are in possession of confidential or inside information in relation to the Group. The policy satisfies the requirements under Part XIVA of the Securities and Futures Ordinance. The policy is available on the Company's intranet and disseminated to the employees.

(3) RISK MANAGEMENT AND INTERNAL CONTROL

The Company has an internal audit function in place to conduct ongoing independent assessment of the Group's risk management (including significant risks relating to Environment, Social and Governance ("ESG")) and internal control systems and review of their effectiveness in accordance with the CG Code. The Group Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks (including ESG risks). An integral part of the internal audit function is to monitor and ensure effective implementation of the risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2024.

(4) 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 Audit Committee is responsible for overseeing the Group's financial reporting, risk management and internal control systems, monitoring the integrity of the Group's financial information, overseeing the relationship with the external auditor of the Company, reviewing the arrangements that the Company's employees may use, in confidence and anonymity, to raise concerns about possible improprieties and ensuring proper arrangements are in place for fair and independent investigations and follow-up actions, and performing corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30 June 2024 has been reviewed by the Audit Committee.

Corporate Governance (Cont'd)

(5) 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, Mr. Victor T K Li, as members. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration packages of all Directors and the senior management, making recommendations on the remuneration of Independent Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors and senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

(6) 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, Mr. Victor T K Li, as members. The principal responsibilities of the Nomination Committee include reviewing the structure, size, diversity profile and skills matrix of the Board and independence of the Independent Non-executive Directors, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and reviewing the Director Nomination Policy and the Board Diversity Policy of the Company periodically.

(7) 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. The principal responsibilities of the Sustainability Committee include overseeing management, and advising the Board, on the development and implementation of the sustainability initiatives of the Group, including reviewing the related sustainability and ESG policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and sustainability and ESG risks and opportunities.

(8) INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company's Shareholders Communication Policy is available on the Company's website. The policy is subject to review on a regular basis to ensure its implementation and effectiveness.

The Company commits to engaging stakeholders in ongoing dialogues to understand their evolving needs, concerns and expectations. The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels include (i) corporate communications¹ published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited (and, in case of actionable corporation communications², further disseminated to shareholders in accordance with the Listing Rules); (ii) general meetings which provide a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information regarding the Group available on the website of the Company; (iv) the Company's website which offers a communication platform between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable; (vi) the Company's Branch Share Registrar who deals with shareholders for share registration and related matters; (vii) the Corporate Affairs Department of the Company handling enquiries from shareholders and investors generally; and (viii) other dedicated communication channels, activities and events operated or organised by designated business units and departments at various levels engaging different groups of stakeholders.

Notes:

1. "Corporate Communications" refer to any documents issued or to be issued by the Company for the information or action of holders of any of the Company's shares or securities or the investing public, including but not limited to directors' reports, annual accounts and auditor's reports, interim reports, notices of meetings, listing documents, circular and proxy forms.
2. "Actionable Corporate Communications" refer to any Corporate Communications that seek instructions from holders of the shares in or other securities of the Company on how they wish to exercise their rights or make an election as holders of the shares in or other securities of the Company.

Other Information

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

RISK FACTORS

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Interim Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

Global Economy

Continued trade protectionism, fluctuation of major currencies, supply chain disruptions, persistent high interest rates and inflationary pressure in some countries, tight fiscal policy and monetary policy, high commodity prices and energy costs, cost of living crisis, continuing geopolitical tensions and increasing climate risks have created uncertainties and volatility in the world economy and global financial markets. Continued slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence, increased market volatility and decline in the value of the assets. The Group has investments in different countries and cities around the world. Any adverse economic, social and/or political conditions in those countries and cities in which the Group operates may potentially impact the Group's businesses, financial conditions or results of operations, asset value and liabilities.

Labour

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. Unemployment rates are at lows and people are seeking to improve work life balance.

There is a high level of uncertainty in labour availability and cost. High level of people turnover is creating more challenges in recruitment, training and development. There is no assurance that the situation will improve anytime soon. Turnover of key personnel may lead to disruption of businesses.

Supply Chain Disruptions

Geopolitical tensions have disrupted supply of raw materials, transportation and port operations. In addition to escalating costs, unpredictable lead time and quality issues, there are widespread shortages of shipping availability. Increase in energy and oil prices has added complexity to the disruption.

Global disruptions have spilled over to domestic supply chains. Specific domestic issues include shortage of pallets and labour which is particularly acute in some areas the Group is operating in. There is no assurance that the situation will improve anytime soon.

Highly Competitive Markets

The Group's principal business operations face significant competition and rapid technological change across the diverse markets in which they operate. New market entrants, intensified price competition among existing competitors, possible substitution of imports for locally manufactured products, the acceptability of the Group's products by the market and changing habits in consumer spending could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Likewise, product innovation and technical advancement may render the Group's existing and potential applications and products and its own research and development efforts obsolete or non-competitive.

Research and Development

Research and development conducted by the Group is a lengthy and expensive process involving a lot of trial testing in order to demonstrate that the products are effective and safe for commercial sale. Successful results in the early stage of the trial process may, upon further review, be revised or negated by regulatory authorities or by later stage trial results and there is no assurance that any of the research and development activities will produce positive results. There may be challenges in patient recruitment for the necessary trials, for example, in terms of the ability to recruit the necessary number of appropriate patients and the speed of enrollment to achieve the standard needed. There is no assurance of adequate funding to complete the trials required for regulatory approval. The regulatory authorities may also impose additional trials or other requirements before approval for commercial sale.

In addition, recruiting and retaining qualified scientific personnel to perform research and development work will be critical to the success of the Group and there can be no assurance that the Group will be able to attract and retain such personnel on acceptable terms given the competition for experienced scientists from numerous specialised biotechnology firms, pharmaceutical and chemical companies, universities and other research institutions. Failure to recruit and retain such skilled personnel could delay the research and development and product commercialisation programs of the Group.

Other Information (Cont'd)

Some of the Group's operations are subject to extensive and rigorous government regulations relating to the development, testing, manufacture, safety, efficacy, record-keeping, labeling, storage, approval, advertising, promotion and sale and distribution of the products. The regulatory review and approval process (which requires the submission of extensive data and supporting information to establish the products' safety, efficacy and potency) can be lengthy, expensive and uncertain and there can be no assurance that any of the Group's products will be approved for marketing and sale. The policies or administrative standards of the relevant regulatory bodies may change from time to time and there can be no assurance that products that have been approved for marketing and sale do not need to be recalled at a later stage in order to comply with subsequent new requirements.

Intellectual Property

The success of the Group will depend in part on whether it is able to obtain and enforce patent protection for its products and processes. No assurance can be given as to whether patent rights may be granted to the Group and that the patents granted will be sufficiently broad in their scope to provide protection and exclude competitors with similar products. Even when granted the patents may still be susceptible to revocation or attack by third parties. It is also not possible to determine with certainty whether there are any conflicting third party rights which may affect the Group's current commercial strategy and intellectual property portfolios. The Group may become involved in litigation in enforcing its intellectual property rights and/or be sued by third parties for alleged infringement and the result of such litigation is difficult to predict and may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including market sentiment and conditions, the consumption power of the general public, mark to market value of investment securities, the currency environment and interest rate cycles, may pose significant risks to the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Inflation and interest rates remain high in many countries. The interest rate cycle has impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. Higher finance costs resulting from higher interest rates may impact on the financial condition of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

In particular, income from finance and treasury operations is dependent upon the capital market, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Loan Renewal and Refinancing

The Group is partially financed by loans from banks and other sources. These loans have fixed terms and are subject to renewal or refinancing upon maturity. The success or otherwise in renewal or refinancing of the loans will affect the liquidity of the Group.

Risk of Asset Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in profit or loss. The result of the Group will be affected by such asset impairment tests which are carried out at the end of each reporting period.

Currency Fluctuations

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact the Group's financial position or potential income, asset value and liabilities. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Fluctuations in treasury Investment Valuation

The Group invests in various listed and unlisted entities, which are carried on the balance sheet at fair value. The performance of the Group is therefore subject to the change in the fair value of these investments.

Cybersecurity

With the fast expanding adoption of internet, networking, information and operational technology, rapid development of artificial intelligence (AI) technology, cyber fraud, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's information assets are not immune from attack, damage or unauthorised access. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

Although the Group has not experienced any major damage to its projects, assets or activities from cyber attacks or cyber fraud to date, there can be no assurance that future cyber attacks, security breaches of the Group's cybersecurity or cyber fraud will not occur and result in significant impact on the Group's business reputation, businesses, results of operations and financial conditions.

Other Information (Cont'd)

Strategic Partners

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

Impact of Possible Economic Sanctions on Business Partners, Suppliers, Customers or Businesses in General

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, His Majesty's Treasury, the Office of Financial Sanctions Implementation or other United Kingdom ("UK") government agency, the European Union ("EU") or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers are impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners are affected by sanctions or restrictions, the discontinuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business which may result in loss of revenue and profit and adversely affect Group's businesses, financial conditions, results of operations or growth prospects.

Compliance with Personal Data Protection Legislation

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory actions or civil claims. The expenses on remediation, costs of regulatory or legal actions, and monetary damages and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

Wine and Vineyard Market

The Group is among the largest vineyard owners in Australasia in terms of hectareage and top ten in the world. The vineyards of the Group are mostly leased to well-established wine industry operators and provide immediate and recurring cashflow to the Group. The continued success of the Group will depend in part on its ability to maintain such cashflow. There is no assurance that the Group's tenants will observe the terms of the leases and continue to pay the rent during their existing lease term, or that the leases will be renewed at favorable terms upon their expiries. Furthermore, the market value of the vineyard portfolio is subject to currency fluctuations which may impact on the Group's income or financial position. Changes in consumer tastes and the aging of vines will trigger more re-development investment needs.

Other Information (Cont'd)

Social Incidents, Terrorist Threats and Geopolitical Tensions

The Group is a diversified company with businesses presently in Asia, Australasia and North America. In recent years, a series of social incidents, terrorist activities and geopolitical tensions occurred across the globe that resulted in economic losses, multiple deaths, casualties, persistent supply chain disruptions and volatility in commodity markets. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threats or geopolitical tensions, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has from time to time issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). HKICPA may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the HKFRSs will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new HKFRSs might or could have a significant impact on the Group's financial position, results of operations or profit growth.

Connected Transactions

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

Mergers and Acquisitions

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements, and a willingness to take market risk. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete.

Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. There might be longer and more complicated foreign investment approval processes for foreign acquisitions. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

Climate Change and Environmental Change

Some of the Group's assets, businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by the physical effects of climate change. Climatic changes affect demand, availability, quality and pricing of many of our products as well as those of our customers, especially in the agriculture-related sector, affecting business performance. Furthermore, on-going climate change may trigger off serious natural events like extreme rainfall, flooding, drought and bushfires that may destroy or damage the Group's assets such as land and vineyards.

Changes in environmental conditions, such as increase in pollution, may affect the performance of some of our assets. For example, pollution of sea water may have an impact on the productivity of solar salt fields.

In addition, there is a trend of transition to low carbon economies owing to the climatic changes, which may expose the Group to various risks derived from the global transitioning process, in particular policy, legal, technology, market and reputation risks arising from evolving climate-responsive measures. For example, operating cost is expected to increase as old equipment is converted, retrofitted and replaced where appropriate to support policies and regulatory measures to lower fuel consumption and greenhouse gas emissions.

Other Information (Cont'd)

Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Physical risks, together with transition risks arising from climate change as well as the new disclosure requirements, may have potential impact on the Group's businesses, operations, financial conditions or growth prospects.

Natural Disasters

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, storms, drought, bushfires, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, storms, drought, bushfires, extreme weather or other natural disasters will not occur and result in major damage to the Group's assets or facilities, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Public Health Emergency

Although COVID-19 no longer constitutes a public health emergency of international concern, the repercussions of the pandemic may continue to affect different economies around the world, including the places of businesses in which the Group operates. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it could have an adverse impact on the operations of the Group and its results of operations might suffer. The potential impact on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments.

Past Performance and Forward-Looking Statements

The past performance and the results of operations of the Group as contained in this Interim Report are historical in nature and past performance can be no guarantee of future results of the Group. This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.