

# CK Life Sciences

INTERIM REPORT

2023

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**CK Life Sciences Int'l. (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0775)

This interim report 2023 (both English and Chinese versions) (“Interim Report”) has been posted on the Company’s website at [www.ck-lifesciences.com](http://www.ck-lifesciences.com). Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Interim Report) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to [cklife.ecom@computershare.com.hk](mailto:cklife.ecom@computershare.com.hk).

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will upon request in writing to the Company c/o the Company’s Branch Share Registrar or by email to [cklife.ecom@computershare.com.hk](mailto:cklife.ecom@computershare.com.hk) promptly be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar or sending a notice to [cklife.ecom@computershare.com.hk](mailto:cklife.ecom@computershare.com.hk).

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.

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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  
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](http://www.ck-lifesciences.com)

### KEY DATE

Interim Results Announcement 1 August 2023

# Chairman's Statement

## 2023 FIRST HALF RESULTS

For the six months ended 30 June 2023, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences" or the "Company") recorded unaudited profit attributable to shareholders of around HK\$37 million, a decline of 43% as compared with the corresponding period last year.

The overall profit in the first half of 2023 was significantly impacted by higher finance costs resulting from rising interest rates. At the operational level, both the agriculture-related and health segments actually reported better results than in 2022 – a 22% increase in profit contribution compared with the same period in 2022. However, this was more than offset by a 171% increase in finance costs resulting from rising interest rates. Average annualised interest rates in the first half of 2023 were 4.8%, compared with 1.4% in 2022. Had the same interest rates as 2022 been applied, the 2023 profit would have been reported as approximately 97% higher than 2022.

The Board of Directors has not declared any interim dividend for the period under review (2022: Nil).

## HEALTHCARE RESEARCH AND DEVELOPMENT

CK Life Sciences' research and development operations are engaged in the research and development of pharmaceuticals and molecular diagnostics. The Company's pharmaceutical R&D efforts are focused on cancer vaccines and pain management products, while molecular diagnostic R&D projects target early detection of cancer.

### Pharmaceutical R&D

#### Cancer Vaccines

Cancer vaccines are a type of immunotherapy that work by stimulating the body's immune system to fight cancer. Our most advanced cancer vaccine is seviprotimut-L, a proprietary polyvalent therapeutic cancer vaccine being developed by our U.S. subsidiary, Polynoma LLC ("Polynoma"), for the adjuvant treatment of patients 60 years and younger with Stage IIB or IIC melanoma, following definitive surgical resection.

Pandemic-related supply chain disruptions and manpower shortages have improved but continue to have lingering impact on the progress in the manufacturing of drug product for the pivotal Phase III clinical trial. This clinical study has already received the green light from the U.S. Food and Drug Administration ("US FDA") to commence, under a Special Protocol Assessment agreement, and Polynoma hopes to do so as soon as feasible.

## Chairman's Statement (Cont'd)

At the discovery and preclinical development stage, the Company has multiple cancer vaccine R&D projects underway and hopes to advance new cancer vaccine candidates into clinical testing in the coming years. These novel cancer vaccines are designed based on different tumour antigens, immune checkpoint proteins and other target proteins in the tumour microenvironment.

The Company also has an ongoing strategic R&D collaboration with XtalPi Inc. ("XtalPi"), a Shenzhen-headquartered technology company with expertise in drug discovery powered by Artificial Intelligence (AI) and automation. XtalPi and CK Life Sciences are leveraging their respective strengths to jointly develop a novel AI-empowered cancer vaccine R&D platform to improve and accelerate the discovery and development of new cancer vaccines.

### **Pain Management**

As uncontrolled chronic pain is a major unmet medical need globally, the market potential for new pain management solutions is significant. WEX Pharmaceuticals Inc., our Canadian subsidiary, is developing Halneuron<sup>®</sup>, an analgesic based on the puffer fish toxin, tetrodotoxin.

The US FDA and Health Canada have both allowed the start of a Phase III clinical trial of Halneuron<sup>®</sup> for Chemotherapy-induced Neuropathic Pain ("CINP"). The Company aims to commence this Phase III clinical trial at the appropriate time, recognising the need for prioritisation of spending among the various R&D projects.

In the meantime, an Asian/North American clinical trial of Halneuron<sup>®</sup> is in progress, evaluating the duration of pain reduction in patients with moderate to severe CINP.

### **Cancer Diagnostics R&D**

Early cancer detection enables earlier intervention and better patient outcomes. The Company aims to develop innovative, convenient, and cost-effective solutions for early cancer detection that can be widely deployed.

The Company invested in Pharus, Inc. ("Pharus"), a cancer diagnostic company focused on the research, development, and commercialisation of liquid biopsy tests for the early detection of cancer. Apart from its investment in Pharus, the Company also has ongoing in-house cancer diagnostic R&D projects, targeting melanoma and prostate cancer.

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

## 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 rose 14% compared with the same period in 2022. Labour and supply chain disruption and cost pressures eased, enabling operating units to plan more effectively.

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 2023, Vitaquest was more successful in recruiting staff to fill vacancies in key areas of manufacturing. Together with steadier supply of raw materials, this improvement in staffing enabled the company to achieve satisfactory levels of production. Successful new product launches for key emerging customers helped the company record good growth in both sales and profit.

SNAG is one of Canada's longest established companies specialising in progressive natural health solutions. In the face of strong competition in the market during the period under review, the company implemented changes in product, pricing and promotional strategies. Initiatives in exports and the online segment began to bear fruit, increasing their financial contribution to the business.

Lipa, one of the largest contract manufacturers of complementary healthcare medicines, vitamins, and nutritional supplements in Australia, is located in New South Wales. Having built up high levels of inventory during volatile conditions post-Covid, some Lipa customers curtailed demand in the first half of 2023. Fortunately, increased orders from other customers mitigated the overall impact.

### 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 segment was 32% higher than in the same period last year.

Australian Agribusiness comprises businesses in the manufacturing, wholesale, and retail of agriculture-related products. High levels of inventory in the trade, volatile material input prices and unpredictable weather conditions resulted in more conservative ordering patterns among customers in Crop Solutions. The adoption of a new operating model enabled Home Garden to reduce costs successfully, but staff shortage in Turf Management proved challenging, while Pest management recorded good sales growth.



## Chairman's Statement (Cont'd)

Sustained demand for salt products was observed across all markets. As domestic and international transport costs settled down to steadier levels, the comprehensive pricing strategy adopted in 2022 showed its impact, enabling operating units in both Australia and New Zealand to achieve satisfactory results.

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. Adjustments in the portfolio enabled the business to record some one-time gains that helped improve profit growth in the segment.

### PROSPECTS

In the first half of 2023, higher finance costs more than offset satisfactory profit growth in operations. In the rest of the year, we are confident that business operations will maintain momentum in further recovering lost ground during the pandemic, but higher interest charges will continue to make it challenging to achieve overall profit growth.

Our sustainable business model in which funds from operating businesses support the advancement of healthcare research activities remains robust. We are committed to protecting investment in R&D initiatives despite challenges to profit that interest rates may pose.

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 utmost gratitude to frontline staff who steered a steady course in the face of unpredictable conditions.

**Victor T K Li**  
Chairman

Hong Kong, 1 August 2023

# Directors' Biographical Information

## **LI Tzar Kuoi, Victor**

aged 59, 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 Group Co-Managing 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 in Hong Kong. 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 76, 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 71, 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 Managing Director 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 68, 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 56, 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 79, 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 81, 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 a 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 Human Resources and Compensation Committee and 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 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.

### **KWAN Kai Cheong**

aged 73, 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"). Mr. Kwan was previously a Non-executive Director of China Properties Group Limited. 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 67, 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 72, 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; an Independent Non-executive Director of Queen's Road Capital Investment Ltd. (listed in Canada); and an Independent Non-executive Director of NexGen Energy Ltd. (listed in the U.S.A., Canada and Australia). 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 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 between 1998 to 2004, and between 2006 to 2012, and also a member on its Finance & Administration Committee. Mr. Roberts 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 Review

## FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2023, the total assets of the Group were about HK\$11,049.3 million, of which bank balances and time deposits were about HK\$493.4 million and listed investment in securities was about HK\$12.5 million.

At the end of the period under review, the total liabilities of the Group were HK\$6,881.9 million, comprising bank borrowings amounted to HK\$5,421.0 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 2023 were HK\$130.3 million.

As at 30 June 2023, the net debt to net total capital ratio of the Group was approximately 54.18%, which is calculated as the Group's net borrowings over the aggregate of the Group's total equity and net borrowings. For this purpose, the Group defines net borrowings as bank borrowings less cash, bank balances and time deposits.

The net asset value of the Group was HK\$0.43 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 2023, certain assets of the Group's subsidiary companies with a carrying value of HK\$871.3 million were pledged as part of the security for bank borrowings totalling HK\$111.0 million granted to the subsidiary companies.

## 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\$70.9 million for the period ended 30 June 2023.



### **CAPITAL COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As of 30 June 2023, the total capital commitments by the Group amounted to HK\$99.6 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 1,887 as at 30 June 2023, and is 58 more than the total headcount of 1,829 as at 30 June 2022. The total staff costs, including director's emoluments, amounted to approximately HK\$546.7 million for the six months ended 30 June 2023, which represents an increase of 6% as compared to the same period in 2022. The Group's remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2022.

### **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 June 2023.

# Condensed Consolidated Income Statement

	Notes	For the six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Revenue	3	<b>2,579,128</b>	2,540,582
Cost of sales		<b>(1,779,656)</b>	(1,758,860)
		<b>799,472</b>	781,722
Other income, gains and losses		<b>74,591</b>	26,078
Staff costs	4	<b>(294,953)</b>	(275,589)
Depreciation		<b>(47,187)</b>	(49,685)
Amortisation of intangible assets		<b>(1,151)</b>	(1,990)
Other expenses		<b>(332,317)</b>	(322,719)
Finance costs		<b>(141,687)</b>	(52,201)
Share of results of a joint venture		<b>82</b>	492
Profit before taxation		<b>56,850</b>	106,108
Taxation	5	<b>(19,938)</b>	(40,990)
Profit for the period	6	<b>36,912</b>	65,118
Attributable to:			
Shareholders of the Company		<b>36,912</b>	65,120
Non-controlling interests of a subsidiary		–	(2)
		<b>36,912</b>	65,118
Earnings per share	7		
– Basic		<b>0.38 cents</b>	0.68 cents
– Diluted		<b>0.38 cents</b>	0.68 cents

# Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Profit for the period	36,912	65,118
Other comprehensive income/(expenses)		
<b>Item that will not be reclassified to profit or loss:</b>		
Actuarial loss of defined benefit retirement plan	(204)	–
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising from translation of foreign operations	50,549	(172,300)
Other comprehensive income/(expenses) for the period	50,345	(172,300)
Total comprehensive income/(expenses) for the period	87,257	(107,182)
Attributable to:		
Shareholders of the Company	87,257	(107,180)
Non-controlling interests of a subsidiary	–	(2)
	87,257	(107,182)

# Condensed Consolidated Statement of Financial Position

		As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Investment properties	9	1,831,407	1,817,665
Property, plant and equipment	10	2,237,199	2,230,677
Right-of-use assets	11	386,151	372,486
Intangible assets	12	3,596,863	3,594,780
Interests in a joint venture		5,587	5,447
Other financial assets		42,900	42,900
Deferred taxation		80,350	77,810
		<b>8,180,457</b>	8,141,765
<b>Current assets</b>			
Other financial assets		12,539	12,191
Tax recoverable		13,847	5,524
Inventories		1,294,714	1,284,961
Receivables and prepayments	13	1,054,327	1,130,387
Bank balances and deposits		493,396	691,934
		<b>2,868,823</b>	3,124,997
<b>Current liabilities</b>			
Payables and accruals	13	(674,407)	(878,895)
Bank borrowings	14	(2,111,000)	(3,056,496)
Lease liabilities		(68,596)	(69,418)
Taxation		(54,033)	(57,666)
		<b>(2,908,036)</b>	(4,062,475)
<b>Net current liabilities</b>		<b>(39,213)</b>	(937,478)
<b>Total assets less current liabilities</b>		<b>8,141,244</b>	7,204,287

## Condensed Consolidated Statement of Financial Position (Cont'd)

	Notes	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
<b>Non-current liabilities</b>			
Bank borrowings	14	<b>(3,310,000)</b>	(2,374,000)
Lease liabilities		<b>(448,170)</b>	(446,251)
Deferred taxation		<b>(206,802)</b>	(220,444)
Retirement benefit obligations		<b>(8,916)</b>	(8,142)
		<b>(3,973,888)</b>	(3,048,837)
<b>Total net assets</b>		<b>4,167,356</b>	4,155,450
<b>Capital and reserves</b>			
Share capital	15	<b>961,107</b>	961,107
Share premium and reserves		<b>3,206,249</b>	3,197,094
<b>Equity attributable to shareholders of the Company</b>			
Non-controlling interests of a subsidiary		<b>4,167,356</b>	4,158,201
		–	(2,751)
<b>Total equity</b>		<b>4,167,356</b>	4,155,450

# Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company								Attributable to non-controlling interests of a subsidiary (unaudited) HK\$'000	Total (unaudited) HK\$'000
	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		
<b>2022</b>										
At 1 January 2022	961,107	3,282,546	(103,347)	(1,324,997)	41,885	(541,036)	2,187,426	4,503,584	(2,740)	4,500,844
Profit for the period	-	-	-	-	-	-	65,120	65,120	(2)	65,118
Exchange differences arising from translation of foreign operations	-	-	-	(172,300)	-	-	-	(172,300)	-	(172,300)
Total comprehensive (expenses)/income for the period	-	-	-	(172,300)	-	-	65,120	(107,180)	(2)	(107,182)
Dividends paid to the shareholders of the Company – 2021 final dividend HK\$0.01 per share	-	(96,111)	-	-	-	-	-	(96,111)	-	(96,111)
At 30 June 2022	961,107	3,186,435	(103,347)	(1,497,297)	41,885	(541,036)	2,252,546	4,300,293	(2,742)	4,297,551
<b>2023</b>										
At 1 January 2023	<b>961,107</b>	<b>3,186,435</b>	<b>(103,347)</b>	<b>(1,706,416)</b>	<b>41,885</b>	<b>(541,036)</b>	<b>2,319,573</b>	<b>4,158,201</b>	<b>(2,751)</b>	<b>4,155,450</b>
Profit for the 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	<b>961,107</b>	<b>3,109,546</b>	<b>(103,347)</b>	<b>(1,655,867)</b>	<b>41,885</b>	<b>(542,249)</b>	<b>2,356,281</b>	<b>4,167,356</b>	<b>-</b>	<b>4,167,356</b>

# Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2023	2022
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Net cash from operating activities	<b>80,497</b>	214,018
Net cash outflow from investing activities	<b>(16,375)</b>	(63,122)
Net cash outflow from financing activities	<b>(265,229)</b>	(184,467)
Decrease in cash and cash equivalents	<b>(201,107)</b>	(33,571)
Cash and cash equivalents at beginning of the period	<b>691,934</b>	890,801
Effect of foreign exchange rate changes	<b>2,569</b>	(10,144)
Cash and cash equivalents at end of the period	<b>493,396</b>	847,086

# 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. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments which are measured at 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 2022 (the “2022 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 2022 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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of goods:		
Agriculture-related	<b>932,967</b>	967,190
Health	<b>1,560,347</b>	1,482,653
Revenue from contracts with customers	<b>2,493,314</b>	2,449,843
Rental income (included in agriculture-related segment)	<b>85,065</b>	90,251
Investment income	<b>749</b>	488
	<b>2,579,128</b>	2,540,582

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:

	For the six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Segment results		
Agriculture-related	<b>158,911</b>	120,676
Health	<b>154,970</b>	136,440
	<b>313,881</b>	257,116
Unallocated other income, gains or losses	<b>(4,278)</b>	(6,474)
Research and development expenditure	<b>(70,931)</b>	(58,769)
Corporate expenses	<b>(40,135)</b>	(33,564)
Finance costs	<b>(141,687)</b>	(52,201)
	<b>56,850</b>	106,108
Profit before taxation	<b>56,850</b>	106,108
Taxation	<b>(19,938)</b>	(40,990)
	<b>36,912</b>	65,118
Profit for the period	<b>36,912</b>	65,118

## 4. STAFF COSTS

Staff costs which include salaries, bonuses, retirement benefit scheme contributions and recruitment costs for the six months ended 30 June 2023 amounted to HK\$546.7 million (2022: HK\$515.8 million) of which HK\$251.7 million (2022: HK\$240.2 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong	<b>3</b>	21
Other jurisdictions	<b>36,205</b>	40,711
Deferred tax		
Other jurisdictions	<b>(16,270)</b>	258
	<b>19,938</b>	40,990

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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after crediting:		
Included in revenue:		
Rental income from investment properties	<b>85,065</b>	90,251
Included in other income, gains and losses:		
Interest income from bank deposits	<b>6,290</b>	1,048
Fair value gain on investments mandatorily measured at fair value through profit or loss	<b>348</b>	–

# 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	
	2023 HK\$'000	2022 HK\$'000
<b>Profit for the period attributable to shareholders of the Company</b>		
Profit for calculating basic earnings per share	<b>36,912</b>	65,120
<b>Number of shares</b>		
Number of ordinary shares in issue used in the calculation of basic earnings per share	<b>9,611,073,000</b>	9,611,073,000

No diluted earnings per share for the periods ended 30 June 2023 and 2022 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 2023 (2022: Nil).

## 9. INVESTMENT PROPERTIES

	HK\$'000
<b>Valuation</b>	
At 1 January 2023	<b>1,817,665</b>
Additions	<b>9,990</b>
Exchange differences	<b>3,752</b>
<b>At 30 June 2023</b>	<b>1,831,407</b>

# 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
<b>Cost or valuation</b>								
At 1 January 2023	607,997	646,822	487,937	210,826	1,230,489	190,347	288,903	3,663,321
Additions	–	1,578	677	88,736	30	3,090	165	94,276
Reclassification	3,500	–	–	(68,966)	43,649	6,354	15,463	–
Disposals/write-off	–	–	(18,409)	–	(10,381)	(5,858)	–	(34,648)
Exchange differences	1,947	2,341	1,906	1,301	5,373	1,236	867	14,971
<b>At 30 June 2023</b>	<b>613,444</b>	<b>650,741</b>	<b>472,111</b>	<b>231,897</b>	<b>1,269,160</b>	<b>195,169</b>	<b>305,398</b>	<b>3,737,920</b>
<b>Depreciation and impairment</b>								
At 1 January 2023	136,396	304,050	–	–	712,223	146,227	133,748	1,432,644
Provided for the period	6,379	11,343	–	–	33,225	8,146	15,811	74,904
Eliminated upon disposals/write-off	–	–	–	–	(9,550)	(5,609)	–	(15,159)
Exchange differences	900	1,626	–	–	4,286	1,030	490	8,332
<b>At 30 June 2023</b>	<b>143,675</b>	<b>317,019</b>	<b>–</b>	<b>–</b>	<b>740,184</b>	<b>149,794</b>	<b>150,049</b>	<b>1,500,721</b>
<b>Carrying values</b>								
<b>At 30 June 2023</b>	<b>469,769</b>	<b>333,722</b>	<b>472,111</b>	<b>231,897</b>	<b>528,976</b>	<b>45,375</b>	<b>155,349</b>	<b>2,237,199</b>
At 31 December 2022	471,601	342,772	487,937	210,826	518,266	44,120	155,155	2,230,677

## 11. RIGHT-OF-USE ASSETS

	<b>As at 30 June 2023</b> HK\$'000	As at 31 December 2022 HK\$'000
Land and buildings	<b>356,620</b>	348,635
Machinery and equipment	<b>19,952</b>	17,917
Furniture, fixtures and other assets	<b>9,579</b>	5,934
	<b>386,151</b>	372,486

# 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
<b>Cost</b>								
At 1 January 2023	411,822	131	2,765,566	119,750	364,126	297,752	24,957	3,984,104
Additions	-	-	-	-	-	-	436	436
Disposals/write-off	-	-	-	-	(1,033)	(25,209)	-	(26,242)
Exchange differences	7,514	1	15,167	2,371	2,174	2,825	593	30,645
<b>At 30 June 2023</b>	<b>419,336</b>	<b>132</b>	<b>2,780,733</b>	<b>122,121</b>	<b>365,267</b>	<b>275,368</b>	<b>25,986</b>	<b>3,988,943</b>
<b>Amortisation and impairment</b>								
At 1 January 2023	451	109	-	-	364,126	7,777	16,861	389,324
Provided for the period	-	-	-	-	-	-	1,151	1,151
Eliminated upon disposals/write-off	-	-	-	-	(1,033)	-	-	(1,033)
Exchange differences	17	1	-	-	2,174	74	372	2,638
<b>At 30 June 2023</b>	<b>468</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>365,267</b>	<b>7,851</b>	<b>18,384</b>	<b>392,080</b>
<b>Carrying values</b>								
<b>At 30 June 2023</b>	<b>418,868</b>	<b>22</b>	<b>2,780,733</b>	<b>122,121</b>	<b>-</b>	<b>267,517</b>	<b>7,602</b>	<b>3,596,863</b>
At 31 December 2022	411,371	22	2,765,566	119,750	-	289,975	8,096	3,594,780

# 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 2023 HK\$'000	As at 31 December 2022 HK\$'000
<b>Trade receivables</b>		
0-90 days	<b>700,722</b>	821,674
Over 90 days	<b>123,157</b>	120,765
	<b>823,879</b>	942,439
<b>Trade payables</b>		
0-90 days	<b>256,010</b>	392,456
Over 90 days	<b>5,998</b>	19,573
	<b>262,008</b>	412,029

## 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
<b>Authorised</b>		
At 31 December 2022 and 30 June 2023	15,000,000	1,500,000
<b>Issued and fully paid</b>		
At 31 December 2022 and 30 June 2023	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
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Equity securities – listed in Hong Kong	12,539	–	–	12,539
Unlisted investment	–	–	42,900	42,900
	<b>12,539</b>	<b>–</b>	<b>42,900</b>	<b>55,439</b>
<b>As at 31 December 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Equity securities – listed in Hong Kong	12,191	–	–	12,191
Unlisted investment	–	–	42,900	42,900
	<b>12,191</b>	<b>–</b>	<b>42,900</b>	<b>55,091</b>

There were no transfers between Levels 1 and 2, or transfers into or out of Level 3 during the six months ended 30 June 2023 and 2022.

## 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 2023:

- (i) The Group made sales of HK\$10.0 million (2022: HK\$22.3 million) to CK Hutchison Holdings Limited, a substantial shareholder of the Company, and its subsidiaries.
- (ii) The Group made sales of HK\$0.2 million (2022: HK\$2.1 million) to a joint venture of Cheetham Salt Limited, a wholly-owned subsidiary of the Company during the period.



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

### 18. SUBSEQUENT EVENT

Subsequent to the end of the reporting period, refinancing arrangements for bank borrowings amounting to HK\$2,000,000,000 were agreed with the relevant banks, in which the refinancing of HK\$1,000,000,000 was completed before the date of this interim report and the remaining balance of HK\$1,000,000,000 is under the final stage for the execution of loan documents.

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

As at 30 June 2023, 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 2023, 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 2023, 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 Int'l Limited	Beneficial owner	4,355,634,570	45.31%
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 Int'l Limited ("Gold Rainbow") above. Since Gold Rainbow is wholly-owned by Gotak Limited, Gotak Limited is deemed to be interested in the same number of shares in which Gold Rainbow is interested under the SFO.
- ii. As Gotak 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 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 2023, 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.

# Corporate Governance

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures of the Company and its subsidiaries (“Group”). The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 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 2023.

The Group is committed to maintaining high corporate governance standards and conducting its businesses with ethics and integrity. 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

Accountable to the shareholders under the leadership of the Chairman of the Board (“Chairman”), the Board 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.

The Board consists of a total of ten Directors, comprising five Executive Directors (including the Chairman and four Executive Directors), one Non-executive Director and four Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them has 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.

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.

## Corporate Governance (Cont'd)

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, which provides an exclusive platform for Independent Non-executive Directors to raise concerns, exchange views and discuss issues about the Company or its business, and any other matters.

The Company Secretary 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, Codes on Takeovers and Mergers and Share Buy-backs, the Securities and Futures Ordinance ("SFO"), Companies Ordinance, the Cayman Islands Companies Act and other applicable laws, rules and regulations.

### (2) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in securities of the Company ("Model Code"). The Model Code is reviewed and revised by the Company to reflect any amendments to Appendix 10 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 2023.

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 SFO. 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 provide ongoing independent assessment of the Group's risk management (including material 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.

## Corporate Governance (Cont'd)

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 2023.

### (4) AUDIT COMMITTEE

The Audit Committee, headed by an Independent Non-executive Director, comprises three 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 system, 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 2023 has been reviewed by the Audit Committee.

### (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 Mr. Donald Jeffrey Roberts, also an Independent Non-executive Director, 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 of Directors and the senior management, making recommendations on the remuneration packages 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

The Nomination Committee comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. 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 and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

## Corporate Governance (Cont'd)

### (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 ESG policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and ESG risks.

### (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) printed copies of corporate communications (including but not limited to annual, interim and other reports, notices, announcements, circulars and other regulatory disclosures) required under the Listing Rules, which shareholders can choose to receive through the Company's website instead; (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, to provide updates on the performance of the Group; (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.



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

During the six months ended 30 June 2023, 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, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, high and persistent inflation, tightening fiscal policy and monetary policy, interest rate hikes, rising commodity prices and energy costs, cost of living crisis and industrial actions have created uncertainties and volatility in the world economy and global financial markets. A severe 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.

## Other Information (Cont'd)

### Continuation of Highly Contagious Disease

The impact of the COVID-19 pandemic has moderated in many countries and governments have removed entry restrictions and lifted social distancing measures. However, the repercussions of the pandemic continue to affect the economy of different parts of the world, including the places of businesses in which the Group operates. Despite the situation of COVID-19 outbreak has stabilised and COVID-19 no longer constitutes a public health emergency of international concern, the disease remains not fully predictable due to the potential emergence of new coronavirus variants. 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 may suffer. The pertained 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.

### Labour

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. Unemployment rates are at lows while inflation rates are on the rise. In addition, 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.

### Supply Chain Disruptions

Geopolitical tensions have disrupted supply of raw materials, transportation and port operations. In addition to escalating costs and unpredictable lead time, 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 and the acceptability of the Group's products by the market 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.

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.

## Other Information (Cont'd)

### 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 has soared to multidecade highs, prompting central banks across the world to simultaneously hike interest rates. The interest rate hike cycle has impact on the aggregate demand from all sectors, which may in turn affect the businesses 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.

## Other Information (Cont'd)

### 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 and networking operational technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's information assets are exposed to attack, damage or unauthorised access in the cyberspace. 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 to date, there can be no assurance that future cyber attacks or security breaches of the Group's cybersecurity 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 continuation 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 with resulting loss of revenue and profit, which may 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. Tenants of the Group's vineyards export wine to, amongst other countries, the UK and Mainland China. The tension between Mainland China and Australia may have adverse effects affecting exports of wine by our tenants and their ability to keep up rental payment. Furthermore, the market value of the vineyard portfolio is subject to currency fluctuations which may impact on the Group's income or financial position.

## 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.

### 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.

## Other Information (Cont'd)

### 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.

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 or financial conditions.

### 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.