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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)

INTERIM RESULTS FOR 2024

2024 FIRST HALF RESULTS

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

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

SUBSEQUENT EVENT

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

PHARMACEUTICALS & DIAGNOSTICS R&D

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

Cancer Vaccines

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

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

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

Cancer Pain Management

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

Cancer Diagnostics

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

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

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

NUTRACEUTICAL BUSINESS

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

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

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

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

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

AGRICULTURE-RELATED BUSINESS

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

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

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

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

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

PROSPECTS

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

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

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

Victor T K Li
Chairman

Hong Kong, 13 August 2024

FINANCIAL REVIEW

Financial Resources and Liquidity

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

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

As at 30 June 2024, the net debt to net total capital ratio of the Group was approximately 55.07%, which is calculated as the Group's net borrowings over the aggregate of the Group's total equity and net borrowings. For this purpose, the Group defines net borrowings as bank borrowings less cash, bank balances and time deposits.

The net asset value of the Group was HK\$0.42 per share.

Treasury Policies

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

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

Charge on Assets

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

Material Acquisitions/Disposals and Significant Investments

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

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

Capital Commitments and Future Plans for Material Investments or Capital Assets

As of 30 June 2024, the total capital commitments by the Group amounted to HK\$85.4 million which were mainly made up of contracted/authorised commitments in respect of the acquisition of plant and equipment, and maintenance of vineyards.

Information on Employees

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

Contingent Liabilities

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

Condensed Consolidated Income Statement

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

Condensed Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Statement of Financial Position

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

Condensed Consolidated Statement of Financial Position (cont'd)

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

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital	Share premium	Investment at fair value through other comprehensive income reserve	Translation reserve	Asset revaluation reserve	Other reserves	Retained earnings	Sub-total	Attributable to non-controlling interests of a subsidiary	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023										
At 1 January 2023	961,107	3,186,435	(103,347)	(1,706,416)	41,885	(541,036)	2,319,573	4,158,201	(2,751)	4,155,450
Profit for the period	-	-	-	-	-	-	36,912	36,912	-	36,912
Exchange differences arising from translation of foreign operations	-	-	-	50,549	-	-	-	50,549	-	50,549
Actuarial loss of defined benefit retirement plan	-	-	-	-	-	-	(204)	(204)	-	(204)
Total comprehensive income for the period	-	-	-	50,549	-	-	36,708	87,257	-	87,257
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(1,213)	-	(1,213)	2,751	1,538
Dividends paid to the shareholders of the Company – 2022 final dividend HK\$0.008 per share	-	(76,889)	-	-	-	-	-	(76,889)	-	(76,889)
At 30 June 2023	961,107	3,109,546	(103,347)	(1,655,867)	41,885	(542,249)	2,356,281	4,167,356	-	4,167,356
2024										
At 1 January 2024	961,107	3,109,546	(103,347)	(1,631,676)	59,298	(542,249)	2,336,574	4,189,253	-	4,189,253
Profit for the period	-	-	-	-	-	-	1,001	1,001	-	1,001
Exchange differences arising from translation of foreign operations	-	-	-	(176,221)	-	-	-	(176,221)	-	(176,221)
Total comprehensive (expenses)/income for the period	-	-	-	(176,221)	-	-	1,001	(175,220)	-	(175,220)
At 30 June 2024	961,107	3,109,546	(103,347)	(1,807,897)	59,298	(542,249)	2,337,575	4,014,033	-	4,014,033

Condensed Consolidated Statement of Cash Flows

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

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

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

2. Material Accounting Policy Information

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

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

3. Revenue and Segment Information

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

A. Revenue

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

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.

B. Segment results

An analysis of the segment results is as follows:

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

4. Staff Costs

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

5. Taxation

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

Hong Kong profits tax has been provided for at the rate of 16.5% of the estimated assessable profits. Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Profit for the Period

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

7. Earnings Per Share

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

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

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

8. Dividends

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

9. Investment Properties

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

10. Property, Plant and Equipment

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

11. Right-of-use Assets

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

12. Intangible Assets

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

13. Receivables and Payables

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

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

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

14. Bank Borrowings

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

15. Share Capital

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

16. Fair Value Measurement of Financial Instruments

Financial instruments measured at fair value on a recurring basis

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

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

17. Related Party Transactions

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

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

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

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

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2024.

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

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

SUSTAINABILITY COMMITTEE

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

As at the date of this document, the Executive Directors of the Company are Mr. Li Tzar Kuoi, Victor (Chairman), Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mr. Yu Ying Choi, Alan Abel and Dr. Toh Kean Meng, Melvin; and the Non-executive Directors are Mr. Peter Peace Tulloch, Mrs. Kwok Eva Lee (Independent Non-executive Director), Mr. Kwan Kai Cheong (Independent Non-executive Director), Mr. Paul Joseph Tighe (Independent Non-executive Director) and Mr. Donald Jeffrey Roberts (Independent Non-executive Director).