HENDERSON INVESTMENT LIMITED
恒 基 兆 業 發 展 有 限 公 司

Stock Code 股份代號：97

2024 Interim Report
中期報告

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Chairman's Statement

Interim Results and Dividend

The Group's (unaudited) loss attributable to equity shareholders for the six months ended 30 June 2024 amounted to HK$69 million, as compared with the loss of HK$18 million recorded in the corresponding period of last year. The loss is mainly attributable to the fall in retail sales of the Group due to the growing trend of outbound tourism, and cross-border consumption and shopping. Loss per share was HK 2.3 cents (2023: HK 0.6 cent).

The Board has resolved not to declare any interim dividend (2023: Nil) for the period under review, because of the loss suffered.

Business Review

During the first half of 2024, an increase in outbound tourism, and cross-border consumption and shopping continued to weigh on the local retail sector. In contrast, local consumption in the same period last year was stimulated by the Consumption Voucher Scheme. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for the first half of 2024 decreased by 6.6% compared with the same period last year.

The Group's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited, which operates five department stores under the name of "Citistore" and two household specialty stores under the name of "Citilife" (hereinafter collectively referred to as "Citistore"); and (ii) Unicorn Stores (HK) Limited, which operates two department stores-cum-supermarkets under the name of "APITA" or "UNY" and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "Unicorn").

(I) Citistore

During the first half of 2024, Citistore organised a wide variety of marketing events (ranging from cooking demonstrations and handicraft workshops to swimwear catwalk show) thereby enriching customers' product knowledge and shopping experience. Citistore also expanded its product portfolio by adding quality Canadian and mainland Chinese food items to its merchandise mix. In addition, Citistore continued to strengthen its ties with its "CU APP" members and many exclusive benefits such as "Member Price" and "Member Day" were offered so as to encourage their repeated patronage. The customers' response to this membership loyalty programme has been positive, with the number of CU APP members increasing to about 700,000 to date.

Citistore's existing store network is as follows:

	Location	**Total lettable area (square feet)**
*Department Stores**		
Citistore Tsuen Wan	KOLOUR • Tsuen Wan II, New Territories	138,860
Citistore Tuen Mun	The Trend Plaza, New Territories	17,683
Citistore Yuen Long	KOLOUR • Yuen Long, New Territories	54,809
Citistore Ma On Shan	MOSTown, New Territories	65,700
Citistore Tseung Kwan O	MCP Central, New Territories	68,276
Household Speciality Stores		
Citilife Wong Tai Sin	Temple Mall, Kowloon	1,629
Citilife Tin Shui Wai	T Town South, New Territories	3,660
	Total:	**350,617**

* *Each Citistore location has a dedicated "Citilife" counter.*

Citistore, affected by unfavourable market conditions, recorded a period-on-period decrease of 13% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the six months ended 30 June 2024. Below is a breakdown of such sales proceeds:

	For the six months ended 30 June		
	2024	2023	
	HK$ million	HK$ million	Change
Sales of own goods	**146**	162	-10%
Consignment sales	**347**	394	-12%
Concessionaire sales	**189**	225	-16%
Total:	**682**	781	-13%

Sales of Own Goods

During the first half of 2024, Citistore's sales of own goods decreased by 10% period-on-period to HK$146 million with a gross margin of 31%. The decrease in sales and margin was mainly due to intensified price competition in the sluggish retail market.

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Sales of own goods	**146**	162
Gross profit (after netting the cost of inventories sold)	**45**	54
Gross margin	**31%**	33%

Consignment and Concessionaire Sales

Citistore's consignment sales comprise the sales of consignors' products on consignment basis in designated shelves or areas, whilst concessionaire sales are conducted by concessionaires operating from their own shop spaces within Citistore's stores under licence agreements. Citistore receives from all consignment and concessionaire sales a revenue-based commission or base commission (if any), whichever is higher, as its commission income. During the first half of 2024, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 13% period-on-period to HK$155 million. Below is a breakdown of such commission income:

	For the six months ended 30 June		
	2024	2023	
	HK$ million	HK$ million	Change
Commission income			
– from consignment sales	**103**	119	-13%
– from concessionaire sales	**52**	59	-12%
Total:	**155**	178	-13%

Citistore's Loss after Taxation

After deducting its operating expenses, Citistore recorded a loss after taxation of HK$11 million for the six months ended 30 June 2024, as compared with a profit after taxation of HK$41 million for the same period last year.

(II) Unicorn

During the first half of 2024, Unicorn leveraged its existing channels to introduce Japanese quality brands to its stores, whilst expanding the range of products sourced from Asia, Europe and the United States. Various creative marketing activities such as "Tuna Cutting Show" were held to provide local customers with a Japanese-style shopping experience and showcase Unicorn's commitment to providing customers with fresh food items. Meanwhile, given the increasing public awareness of green living and environmental protection in Hong Kong, a "Green Together" area was set up in APITA at Taikoo Shing for promoting eco-friendly products and health supplements.

Unicorn's existing store network is as follows:

	Location	Total lettable area (square feet)
Department store-cum-supermarkets		
APITA	Cityplaza, Taikoo Shing, Hong Kong Island	118,691
UNY Lok Fu	Lok Fu Place, Lok Fu, Kowloon	70,045
Supermarkets		
UNY Yuen Long	KOLOUR • Yuen Long, New Territories	19,795
UNY Tseung Kwan O	MCP Central, New Territories	43,038
	Total:	**251,569**

Despite adverse market conditions, sales of own goods and consignment sales for the six months ended 30 June 2024 remained largely flat at HK$587 million. This was mainly due to the increased sales from APITA after the completion of a major renovation project in late 2023. The results of sales of own goods and consignment sales are as follows:

	For the six months ended 30 June 2024 HK$ million	2023 HK$ million	Change
Sales of own goods	**433**	413	+5%
Consignment sales	**154**	173	-11%
Total:	**587**	586	–
Sales of Own Goods			
Gross profit (after netting the cost of inventories sold)	**115**	116	-1%
Gross margin	**27%**	28%	
Consignment Sales			
Commission income	**33**	37	-11%

Unicorn's Loss after Taxation

After deducting its operating expenses, Unicorn recorded a loss after taxation of HK$53 million for the six months ended 30 June 2024 (2023: HK$54 million).

Performance

	For the six months ended 30 June					
	2024 **HK$ million**			2023 HK$ million		
	Citistore	**Unicorn**	**Total**	Citistore	Unicorn	Total
Revenue						
Sales of own goods	**146**	**433**	**579**	162	413	575
Commission income from consignment sales	**103**	**33**	**136**	119	37	156
Commission income from concessionaire sales	**52**	**–**	**52**	59	–	59
Consignment and Concessionaire Sales						
Consignment sales	**347**	**154**	**501**	394	173	567
Concessionaire sales	**189**	**–**	**189**	225	–	225

The loss after taxation from Citistore and Unicorn amounted to HK$64 million in aggregate for the six months ended 30 June 2024 (2023: HK$13 million). After taking into account other incomes and expenses, the Group's loss attributable to equity shareholders during the six months ended 30 June 2024 amounted to HK$69 million (2023: HK$18 million).

Corporate Finance

The Group had no bank borrowings (31 December 2023: HK$Nil) and its cash and bank balances amounted to HK$73 million at 30 June 2024 (31 December 2023: HK$85 million).

Prospects

Looking ahead, the business environment of Hong Kong's retail sector is expected to remain challenging. Hence, the Group is conducting a thorough review of the performance of its stores. This effort aims to streamline the Group's store network and optimise the deployment of its resources in improving business performance and enhancing operational efficiency. In addition, the Group has entered into an agreement with a wholly-owned subsidiary of its parent company – Henderson Land Development Company Limited for the integration of their respective membership loyalty programmes, CU APP and H • COINS, by the end of 2024. The integration will increase the member base and create a stronger incentive for members, who will be able to earn points across both programmes and gain access to a wider range of benefits and rewards, to shop in and patronise the Group's stores. In the long run, such integration is expected to boost sales and shoppers' traffic for the Group's stores. Together with the ongoing consolidation of the merchandise sourcing and back office functions of Citistore and Unicorn, the Group's operational efficiency and cost effectiveness are expected to be further improved.

Dr Lee Ka Shing
Chairman

Hong Kong, 21 August 2024

Financial Review

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024.

Material acquisitions and disposals

The Group did not undertake any significant acquisition or disposal of assets or subsidiaries during the six months ended 30 June 2024.

Results of operations

The Group recorded loss after tax attributable to equity shareholders in the amount of HK$69 million for the six months ended 30 June 2024 (2023: HK$18 million). Analysis on segmental performance and information of operations of the Group is set out in the "Business Review" section of the Chairman's Statement of the Company's 2024 Interim Report of which this Financial Review forms a part.

Leases have substantial impacts on the Group's operations as more particularly described below. Under HKFRS 16 "*Leases*", the "practical expedient" is applicable to the short-term leases of a reporting entity whose expiry dates are within one year from the date of initial adoption of HKFRS 16 or lease commencement. In this regard, rental and related expenses recognised in the statement of profit or loss for the six months ended 30 June 2024 amounted in aggregate to HK$58 million (2023: HK$56 million), which comprised amounts of HK$57 million (2023: HK$55 million) classified under "Direct costs" and HK$1 million (2023: HK$1 million) classified under "Administrative expenses".

For each tenancy lease of the Group other than the short-term leases in relation to which the "practical expedient" under HKFRS 16 has been applied (as mentioned above), the followings have been recognised:

- right-of-use assets in the statement of financial position measured at their carrying amounts (as if HKFRS 16 had been applied since the commencement date of the tenancy lease). Accordingly, depreciation charges on right-of-use assets recognised in the statement of profit or loss for the six months ended 30 June 2024 amounted in aggregate to HK$130 million (2023: HK$114 million), which comprised amounts of HK$125 million (2023: HK$110 million) classified under "Direct costs" and HK$5 million (2023: HK$4 million) classified under "Administrative expenses"; and

- lease liabilities in the statement of financial position, which are interest-bearing at the estimated incremental borrowing rate. Accordingly, finance costs on lease liabilities recognised in the statement of profit or loss for the six months ended 30 June 2024 amounted in aggregate to HK$20 million (2023: HK$16 million).

Finance costs on bank borrowing

During the six months ended 30 June 2024 and excluding the finance costs on the lease liabilities recognised by the Group under HKFRS 16, the Group incurred finance costs of HK$1 million on bank borrowing which was fully repaid at 30 June 2024 (2023: Nil).

Financial resources, liquidity and loan maturity profile

At 30 June 2024, the Group did not have any bank borrowing (31 December 2023: Nil) other than the Group's lease liabilities recognised under HKFRS 16 of HK$795 million at 30 June 2024 (31 December 2023: HK$924 million), and had cash and bank balances of HK$73 million (31 December 2023: HK$85 million).

Based on the Group's cash and bank balances of HK$73 million at 30 June 2024, and taking into account the expected net cash inflows to be generated from operating activities, the Group's investments in unpledged listed securities which are realisable into cash and the banking facility available to the Group, as well as the advances from a fellow subsidiary which are unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and have no fixed repayment terms, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. At 30 June 2024 and 31 December 2023, the Group was not a contractual party to any arrangements in relation to any derivative financial instruments for speculative or hedging purposes.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 30 June 2024 and 31 December 2023.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2024 and 31 December 2023.

Capital commitments

At 30 June 2024, the Group had capital commitments in relation to fixed assets contracted but not provided for in the amount of HK$9 million (31 December 2023: HK$6 million).

Contingent liabilities

At 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2024, the Group had 905 (31 December 2023: 962) full-time employees and 105 (31 December 2023: 115) part-time employees. Total staff costs for the six months ended 30 June 2024 amounted to HK$134 million (2023: HK$139 million).

The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme and training programmes.

羅兵咸永道

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF HENDERSON INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed interim financial statements set out on pages 11 to 30, which comprise the consolidated statement of financial position of Henderson Investment Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2024

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss - unaudited

	Note	For the six months ended 30 June 2024 HK$ million	2023 HK$ million
Revenue	4	**772**	796
Direct costs		**(774)**	(746)
		(2)	50
Other revenue	5	**6**	8
Other income/expenses and other gains/losses, net	6	**1**	2
Selling and marketing expenses		**(11)**	(11)
Administrative expenses		**(55)**	(54)
Loss from operations		**(61)**	(5)
Finance costs on lease liabilities and bank loan interest expenses	7(b)	**(21)**	(16)
Loss before taxation	7	**(82)**	(21)
Income tax credit	8	**13**	3
Loss attributable to equity shareholders of the Company for the period		**(69)**	(18)
		HK cents	HK cent
Loss per share			
– Basic and diluted	9	**(2.3)**	(0.6)

Details of dividends payable to equity shareholders of the Company are set out in note 10.

The notes on pages 16 to 30 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income - unaudited

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Loss attributable to equity shareholders of the Company for the period	**(69)**	(18)
Other comprehensive income for the period:		
Item that will not be reclassified to profit or loss:		
– Investments in listed securities designated as financial assets at fair value through other comprehensive income: net movement in the fair value reserve (non-recycling)	**2**	4
Total comprehensive income attributable to equity shareholders of the Company for the period	**(67)**	(14)

The notes on pages 16 to 30 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	Note	**At 30 June 2024 (unaudited) HK$ million**	At 31 December 2023 (audited) HK$ million
Non-current assets			
Fixed assets		**154**	182
Right-of-use assets	12	**756**	888
Trademarks		**35**	35
Investment in listed securities designated as financial assets at fair value through other comprehensive income		**26**	24
Investment in listed securities as financial assets at fair value through profit or loss		**19**	18
Goodwill	13	**1,072**	1,072
Deferred tax assets		**75**	61
		2,137	2,280
Current assets			
Inventories		**117**	122
Trade and other receivables	14	**50**	48
Tax recoverable		**1**	–
Cash and bank balances	15	**73**	85
		241	255
Current liabilities			
Trade and other payables	16	**338**	408
Lease liabilities	17	**259**	255
Amounts due to affiliates		**2**	5
Current taxation		**–**	1
		599	669
Net current liabilities		**(358)**	(414)
Total assets less current liabilities		**1,779**	1,866
Non-current liabilities			
Lease liabilities	17	**536**	669
Amount due to a fellow subsidiary	18	**113**	–
Provision for reinstatement costs		**18**	18
Deferred tax liabilities		**6**	6
		673	693
NET ASSETS		**1,106**	1,173
CAPITAL AND RESERVES			
Share capital		**612**	612
Reserves		**494**	561
TOTAL EQUITY		**1,106**	1,173

The notes on pages 16 to 30 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity - unaudited

	Note	Attributable to equity shareholders of the Company				
		Share capital HK$ million	Capital reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Retained profits HK$ million	Total equity HK$ million
Balance at 1 January 2023		612	10	(11)	659	1,270
Changes in equity for the six months ended 30 June 2023:						
Loss for the period		–	–	–	(18)	(18)
Other comprehensive income for the period		–	–	4	–	4
Total comprehensive income for the period		–	–	4	(18)	(14)
Dividend approved and paid in respect of the previous financial year	10(b)	–	–	–	(30)	(30)
Balance at 30 June 2023		612	10	(7)	611	1,226

	Attributable to equity shareholders of the Company				
	Share capital HK$ million	**Capital reserve HK$ million**	**Fair value reserve (non-recycling) HK$ million**	**Retained profits HK$ million**	**Total equity HK$ million**
Balance at 1 January 2024	**612**	**10**	**(6)**	**557**	**1,173**
Changes in equity for the six months ended 30 June 2024:					
Loss for the period	**–**	**–**	**–**	**(69)**	**(69)**
Other comprehensive income for the period	**–**	**–**	**2**	**–**	**2**
Total comprehensive income for the period	**–**	**–**	**2**	**(69)**	**(67)**
Balance at 30 June 2024	**612**	**10**	**(4)**	**488**	**1,106**

The notes on pages 16 to 30 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Condensed Consolidated Cash Flow Statement - unaudited

	Note	For the six months ended 30 June **2024** HK$ million	2023 HK$ million
Net cash generated from operating activities			
Loss before taxation		**(82)**	(21)
Bank interest income	6	–	(2)
Dividend income from investment in listed securities designated as financial assets at fair value through other comprehensive income ("FVOCI") and investment in listed securities as financial assets at fair value through profit or loss ("FVPL")	6	**(2)**	(1)
Depreciation on fixed assets	7(b)	**31**	30
Depreciation on right-of-use assets	7(b)	**130**	114
Fixed assets written off	6	**2**	–
Amortisation of trademarks	7(b)	–	1
Net fair value (gain)/loss on investment in listed securities as financial assets at FVPL	6	**(1)**	2
Finance costs on lease liabilities	7(b)	**20**	16
Bank loan interest expenses	7(b)	**1**	–
Gain on disposal of fixed assets	6	–	(1)
Decrease in inventories		**5**	4
(Increase)/decrease in trade and other receivables		**(2)**	11
Decrease in trade and other payables		**(52)**	(76)
Decrease in amounts due to affiliates		**(3)**	–
Tax paid in Hong Kong		**(2)**	(3)
		45	74
Net cash used in investing activities			
Interest received		–	2
Dividends received from investment in listed securities designated as financial assets at FVOCI and investment in listed securities as financial assets at FVPL		**2**	1
Additions to fixed assets		**(24)**	(26)
		(22)	(23)
Net cash used in financing activities			
Dividend paid to shareholders	10(b)	–	(30)
Increase in amount due to a fellow subsidiary		**113**	–
Interest payments of lease liabilities to affiliates	17	**(9)**	(3)
Principal repayments of lease liabilities to affiliates	17	**(77)**	(85)
Interest payments of lease liabilities to third parties	17	**(11)**	(13)
Principal repayments of lease liabilities to third parties	17	**(50)**	(47)
Bank loan interest expenses paid		**(1)**	–
		(35)	(178)
Net decrease in cash and cash equivalents		**(12)**	(127)
Cash and cash equivalents at 1 January	15	**85**	260
Cash and cash equivalents at 30 June	15	**73**	133

The notes on pages 16 to 30 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation

The condensed interim financial statements comprise those of Henderson Investment Limited ("the Company") and its subsidiaries (collectively referred to as "the Group").

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issuance on 21 August 2024.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 December 2023 ("the 2023 financial statements"), except for the accounting policy changes that are expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2024. Details of these changes in accounting policies are set out in note 2.

These condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for the preparation of a full set of financial statements in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The preparation of condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

At 30 June 2024, the Group was in a net current liabilities position of HK$358 million (31 December 2023: HK$414 million). This was partly due to the recognition of the current portion of lease liabilities of HK$259 million at 30 June 2024 (31 December 2023: HK$255 million) under HKFRS 16, *Leases* and the decrease in the Group's cash and bank balances of HK$12 million during the six months ended 30 June 2024. Taking into account the expected cash flows from the Group's operations, the Group's available cash and bank balances, the Group's investments in unpledged listed securities which are realisable into cash and the banking facility available to the Group, as well as the advances from a fellow subsidiary which are unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and have no fixed repayment terms, the Group's management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these condensed interim financial statements have been prepared on a going concern basis.

These condensed interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers ("PwC") in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the HKICPA. PwC's independent review report to the board of directors of the Company ("Directors") is included on page 10. In addition, these condensed interim financial statements have been reviewed by the Company's Audit Committee.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation (continued)

The financial information relating to the year ended 31 December 2023 as comparative information that is included in the condensed interim financial statements for the six months ended 30 June 2024 does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from such financial statements. Further information relating to such statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those statutory financial statements. The auditor's report was unqualified; did not include a reference to any matters (including the matter described in the Key Audit Matters section) to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 Changes in accounting policies

The Group has applied the following amendments and interpretation to HKASs and HKFRSs issued by the HKICPA that are first effective for the current accounting period of the Group and the Company, and which are relevant to the Group's condensed interim financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*

In August 2020, the HKICPA issued amendments to HKAS 1 ("2020 HKAS 1 amendments") to clarify the requirements on determining whether a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The 2020 HKAS1 amendments:

– specify that an entity's right to defer settlement must exist at the end of the reporting period;

– clarify that the classification is unaffected by management's intentions or expectations about the entity's intention to exercise its right to defer settlement;

– clarify how the lending conditions may affect classification; and

– clarify the classification of liabilities that will or may be settled by the entity's issuance of its own equity instruments.

Notes to the Unaudited Condensed Interim Financial Statements

2 Changes in accounting policies (continued)

In December 2022, the HKICPA published further amendments to HKAS 1 ("2022 HKAS 1 amendments") to clarify how an entity determines the current/non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

Under these amendments, both the 2020 HKAS 1 amendments and 2022 HKAS 1 amendments are to be applied as a package on a retrospective basis for annual reporting periods beginning on or after 1 January 2024.

- Hong Kong Interpretation 5 (Revised), *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

This interpretation specifies that the classification of a term loan as a current or non-current liability in accordance with paragraph 69(d) of HKAS 1 shall be determined by reference to the existence of the borrower's right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

On this basis, a loan subject to loan agreement which includes a clause that gives the lender the unconditional right to require repayment of the loan from the borrower at any time shall be classified by the borrower as current in its statement of financial position.

- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

These amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction, and require that (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; and (ii) after initial recognition, the seller-lessee shall apply the general requirements for subsequent accounting of the lease liability in such a way that the seller-lessee does not recognise any gain or loss relating to the right of use over the sold asset which is retained by the seller-lessee under the sale and leaseback. The gain or loss on disposal of the sold asset shall be included in measuring the right-of-use asset upon initial recognition. The seller-lessee would reduce the lease liability as if the variable lease payments estimated at the date of the transaction had been paid, and any difference between the estimated variable lease payments and the amounts actually paid shall be recognised in profit or loss.

The adoption of the abovementioned amendments and interpretation to HKASs and HKFRSs does not have significant impact on the Group's results or financial position.

The Group has not applied any new standard, amendment to standard or interpretation to HKFRSs and HKASs that are not yet effective for the current accounting period.

3 Accounting estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2023 financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

4 Revenue

Revenue represents the direct sales of goods to customers, commission income from consignment and concessionaire counters, promotion income and administration fee income recognised by the Group during the period. Revenue is analysed as follows:

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Sales of goods	**579**	575
Commission income from consignment counters	**136**	156
Commission income from concessionaire counters	**52**	59
Promotion income	**3**	3
Administration fee income	**2**	3
	772	796

During the period, receipts from sales of goods by consignment and concessionaire counters collected by the Group on their behalf were as follows:

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Receipts from sales of goods by consignment counters	**501**	567
Receipts from sales of goods by concessionaire counters	**189**	225
	690	792

Notes to the Unaudited Condensed Interim Financial Statements

5 Other revenue

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Sponsorship fees	**2**	3
Rental income for antenna sites	**1**	1
Sundry income	**3**	4
	6	8

6 Other income/expenses and other gains/losses, net

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Bank interest income	**–**	2
Dividend income	**2**	1
Net fair value gain/(loss) on investment in listed securities as financial assets at FVPL	**1**	(2)
Fixed assets written off	**(2)**	–
Gain on disposal of fixed assets	**–**	1
	1	2

Notes to the Unaudited Condensed Interim Financial Statements

7 Loss before taxation

Loss before taxation is arrived at after charging:

		For the six months ended 30 June	
		2024	2023
		HK$ million	HK$ million
(a) Staff costs:			
Salaries, wages and other benefits		**128**	133
Contributions to defined contribution retirement plans		**6**	6
(b) Other items:			
Amortisation of trademarks		**–**	1
Depreciation			
– on fixed assets		**31**	30
– on right-of-use assets	(note 12)	**130**	114
Finance costs on lease liabilities	(note 17)	**20**	16
Bank loan interest expenses		**1**	–
Expenses relating to short-term leases		**2**	1
Other charges in respect of rental premises		**56**	55
Cost of inventories sold		**419**	405

8 Income tax credit

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Current tax expense – Hong Kong		
– provision for the period	**–**	(8)
Deferred taxation credit		
– origination and reversal of temporary differences	**13**	11
	13	3

Provision for Hong Kong Profits Tax has been made at 16.5% (2023: 16.5%) on the estimated assessable profit for the period.

9 Loss per share – basic and diluted

The calculation of basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of HK$69 million (2023: HK$18 million) and 3,047,327,395 (2023: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

Notes to the Unaudited Condensed Interim Financial Statements

10 Dividends

(a) The Directors have resolved not to declare any interim dividend payable to equity shareholders of the Company attributable to the period (2023: Nil).

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved/declared and paid during the period

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved/declared and paid of Nil (2023: HK1 cent) per share during the period	–	30

11 Segment reporting

No segmental information for the six months ended 30 June 2024 and 30 June 2023 is presented as the Group's revenue and trading results for the periods were generated solely from its department stores and supermarket-cum-stores operations in Hong Kong, the revenue of which amounted to HK$772 million (2023: HK$796 million) during the period and the pre-tax loss from operation (after finance costs on lease liabilities) of which amounted to HK$83 million during the period (2023: HK$18 million).

Geographical information

Since all of the Group's revenue was generated in Hong Kong during the six months ended 30 June 2024 and 30 June 2023, and all of the Group's fixed assets, right-of-use assets, trademarks and goodwill at 30 June 2024 and 31 December 2023 were located in Hong Kong, no geographical information on the aforementioned items is presented in accordance with HKFRS 8, *Operating segments*.

Notes to the Unaudited Condensed Interim Financial Statements

12 Right-of-use assets

	HK$ million
Cost:	
At 1 January 2023	2,121
Addition for the year (note 17)	454
Change in basic rent due to modification of certain lease terms (note 17)	(13)
Write back on expiry of leases	(1,120)
At 31 December 2023 – *audited*	1,442
Accumulated depreciation:	
At 1 January 2023	(1,440)
Charge for the year	(234)
Write back on expiry of leases	1,120
At 31 December 2023 – *audited*	(554)
Net book value:	
At 31 December 2023 – *audited*	888
Cost:	
At 1 January 2024	**1,442**
Change in basic rent due to modification of certain lease terms (note 17)	**(2)**
Write back on expiry of leases	**(6)**
At 30 June 2024 – *unaudited*	**1,434**
Accumulated depreciation:	
At 1 January 2024	**(554)**
Charge for the period (note 7(b))	**(130)**
Write back on expiry of leases	**6**
At 30 June 2024 – *unaudited*	**(678)**
Net book value:	
At 30 June 2024 – *unaudited*	**756**

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset.

Depreciation charge on the right-of-use assets is recognised using the straight-line method during the period of 2 years to 8 years, being the periods from the dates of the commencement/modification of the Remaining Leases to the end of the term of the Remaining Leases taking into consideration the renewal options attaching thereto (if any).

The carrying values of the right-of-use assets are amortised to nil on the expiry dates of the Remaining Leases.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Citistore Goodwill (as defined below)	**810**	810
Unicorn Goodwill (as defined below)	**262**	262
	1,072	1,072

(a) Citistore Goodwill

On 1 December 2014, the Company completed its acquisition of the entire issued share capital of Camay Investment Limited and its subsidiaries, namely Citistore (Hong Kong) Limited ("Citistore") and Puretech Investment Limited (the "Citistore Acquisition"). As a result of the Citistore Acquisition, goodwill (the "Citistore Goodwill") was recognised in the Group's consolidated statement of financial position at 1 December 2014 under the acquisition method of accounting in accordance with HKFRS 3 (Revised), *Business combinations*. The Citistore Goodwill is allocated to the Group's department stores operation under Citistore and is tested for impairment at the end of the reporting period.

Impairment assessment is carried out by determining the value-in-use of the cash-generating unit under Citistore. The value-in-use is represented by the net present value of future forecast post-tax net cash inflows (excluding the rental expenditures of the store outlets and other rental premises recognised as lease liabilities at 30 June 2024) for the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 of the cash-generating unit which is determined on the basis of the discounted cashflow model and management's expectations of market development, and the following assumptions:

(i) an average increase of 7.5% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029;

(ii) an average flat performance in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029; and

(iii) a terminal value into perpetuity in accordance with the perpetual growth model, which is determined based on the forecast net cash inflow for the period of twelve months subsequent to 30 June 2029 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill (continued)

(a) Citistore Goodwill (continued)

The abovementioned forecast changes in the receipts from gross sales in each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 are based on the expectations of the Group's management of their plans and market development at 30 June 2024. A post-tax discount rate of 12% (31 December 2023: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating unit under Citistore, is used to determine the discount factor under the discounted cashflow model.

The Directors have assessed that there was no impairment on the Citistore Goodwill at 30 June 2024.

At 30 June 2024, in relation to the cash-generating unit under Citistore, the recoverable amount calculated based on value-in-use (after deducting the carrying amounts of the fixed assets, trademarks, right-of-use assets and negative working capital of Citistore at 30 June 2024) exceeded the carrying value. If the post-tax discount rate had been 1% higher, or if the forecast receipts from gross sales had been 3% lower for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029, or if the forecast gross profit margin had been 1.5% lower for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029, the Directors have assessed that there would be a potential implication for impairment on the Citistore Goodwill in an estimated amount of HK$2 million, HK$67 million and HK$182 million respectively. In this regard, by adopting a 3% decrease in the forecast receipts from gross sales and a 1.5% decrease in the forecast gross profit margin of Citistore for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 in the aforementioned sensitivity analyses, consideration has been given to, among others, (i) the feature of Citistore's business operation of department stores in Hong Kong; (ii) the sensitivity of Citistore's business operation to the economic and market conditions in Hong Kong; and (iii) Citistore's actual versus budgeted financial performances in the past years.

(b) Unicorn Goodwill

On 31 May 2018, Urban Kirin Limited, a wholly-owned subsidiary of the Company, acquired the entire issued share capital of UNY (HK) Co., Limited (which was renamed as Unicorn Stores (HK) Limited ("Unicorn") on 27 July 2018) (the "Unicorn Acquisition"). As a result of the Unicorn Acquisition, goodwill (the "Unicorn Goodwill") was recognised in the Group's consolidated statement of financial position at 31 May 2018 under the acquisition method of accounting in accordance with HKFRS 3 (Revised), *Business combinations*. The Unicorn Goodwill is allocated to the Group's supermarket-cum-stores operation under Unicorn and is tested for impairment at the end of the reporting period.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill (continued)

(b) Unicorn Goodwill (continued)

Impairment assessment is carried out by determining the value-in-use of the cash-generating unit under Unicorn. The value-in-use is represented by the net present value of future forecast post-tax net cash inflows (excluding the rental expenditures of the store outlets and other rental premises recognised as lease liabilities at 30 June 2024) for the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 of the cash-generating unit which is determined on the basis of the discounted cashflow model and management's expectations of market development, and the following assumptions:

(i) an average increase of 6.4% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029;

(ii) an average increase of 0.4 percentage point in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029; and

(iii) a terminal value into perpetuity in accordance with the perpetual growth model, which is determined based on the forecast net cash inflow for the period of twelve months subsequent to 30 June 2029 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

The abovementioned forecast changes in the receipts from gross sales in each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 are based on the expectations of the Group's management of their plans and market development at 30 June 2024. A post-tax discount rate of 12% (31 December 2023: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating unit under Unicorn, is used to determine the discount factor under the discounted cashflow model.

The Directors have assessed that there was no impairment on the Unicorn Goodwill at 30 June 2024.

At 30 June 2024, in relation to the cash-generating unit under Unicorn, the recoverable amount calculated based on value-in-use (after deducting the carrying amounts of the fixed assets, right-of-use assets and negative working capital of Unicorn at 30 June 2024) exceeded the carrying value. If the post-tax discount rate had been 1% higher, the Directors have assessed that it would not result in an impairment loss on the Unicorn Goodwill. However, if the forecast receipts from gross sales had been 3% lower for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029, or if the forecast gross profit margin had been 1.5% lower for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029, the Directors have assessed that there would be a potential implication for impairment on the Unicorn Goodwill in an estimated amount of HK$10 million and HK$85 million respectively. In this regard, by adopting a 3% decrease in the forecast receipts from gross sales and a 1.5% decrease in the forecast gross profit margin of Unicorn for each of the five future periods of twelve months ending on 30 June 2025, 30 June 2026, 30 June 2027, 30 June 2028 and 30 June 2029 in the aforementioned sensitivity analyses, consideration has been given to, among others, (i) the feature of Unicorn's business operation of supermarket-cum-stores in Hong Kong; (ii) the sensitivity of Unicorn's business operation to the economic and market conditions in Hong Kong; and (iii) Unicorn's actual versus budgeted financial performances in the past years.

Notes to the Unaudited Condensed Interim Financial Statements

14 Trade and other receivables

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Trade debtors	23	24
Deposits, prepayments and other receivables	27	24
	50	48

At 30 June 2024, all of the trade and other receivables were expected to be recovered or recognised as expense within one year from the end of the reporting period, except for various deposits of HK$11 million (31 December 2023: HK$12 million) which are expected to be recovered after more than one year from the end of the reporting period.

At the end of the reporting period, the ageing analysis of trade debtors net of loss allowances was as follows:

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Current or under 1 month overdue	23	24

In respect of trade and other receivables (excluding prepayments), the Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis for each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the assets at the end of each reporting period with the risk of default occurring on the assets at the date of initial recognition. It considers available, reasonable and supportive forward-looking information. Especially, the following indicators are incorporated:

– external credit rating of the counterparty (as far as available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

– actual or expected significant changes in the operating results of the counterparty; and

– significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

A default on trade and other receivables (excluding prepayments) is when the counterparty fails to make contractual payments when they fall due.

Trade and other receivables (excluding prepayments) are written off when there is no reasonable expectation of recovery.

The Group considers the identified expected credit losses on trade and other receivables (excluding prepayments) at 30 June 2024 and 31 December 2023 as minimal.

Notes to the Unaudited Condensed Interim Financial Statements

15 Cash and bank balances

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Cash at bank and in hand	**73**	85
Cash and bank balances in the consolidated statement of financial position and cash and cash equivalents in the condensed consolidated cash flow statement	**73**	85

16 Trade and other payables

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Trade creditors	**238**	281
Contract liabilities (note)	**12**	11
Accrued expenses and other payables	**79**	108
Deposits received	**9**	8
	338	408

Note: During the six months ended 30 June 2024, HK$6 million (Year ended 31 December 2023: HK$14 million) that was included in contract liabilities at the beginning of the reporting period was recognised as revenue (note 4). Most of the contract liabilities at 30 June 2024 and 31 December 2023 were expected to be recognised within one year.

At 30 June 2024, all of the trade and other payables were interest-free and repayable within one year or on demand except for an amount of HK$1 million (31 December 2023: HK$1 million) which was expected to be settled after more than one year.

At the end of the reporting period, the ageing analysis of trade creditors was as follows:

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Due within 1 month or on demand	**203**	247
Due after 1 month but within 3 months	**35**	34
	238	281

Notes to the Unaudited Condensed Interim Financial Statements

17 Lease liabilities

	HK$ million
At 1 January 2023	745
Addition for the year (note 12)	454
Change in basic rent due to modification of certain lease terms (note 12)	(13)
Lease payments made during the year	(296)
Finance costs on lease liabilities for the year	34
At 31 December 2023 – *audited*	924
At 1 January 2024	**924**
Change in basic rent due to modification of certain lease terms (note 12)	**(2)**
Lease payments made during the period	**(147)**
Finance costs on lease liabilities for the period (note 7(b))	**20**
At 30 June 2024 – *unaudited*	**795**

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**259**	255
Amounts classified under non-current liabilities		
– contractual maturity after 1 year and within 2 years	**241**	250
– contractual maturity after 2 years and within 5 years	**258**	344
– contractual maturity after 5 years	**37**	75
	536	669
Total carrying amount of lease liabilities	**795**	924

Finance cost is determined and recognised on the basis of the Group's estimated incremental borrowing rate of 4.8% per annum on the carrying balance of the lease liability of each Remaining Lease (see note 12) at initial recognition, after deducting the lease payments made for such Remaining Leases during the six months ended 30 June 2024 and the corresponding year ended 31 December 2023. The Directors considered the Group's estimated incremental borrowing rate, as referred to above, to be appropriate in view of the market environment and economic conditions under which each Remaining Lease operates.

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

Included in lease liabilities at 30 June 2024 is an amount of HK$372 million (31 December 2023: HK$453 million) relating to the lease liabilities payable to affiliates.

18 Amount due to a fellow subsidiary

At 30 June 2024, the amount due to a fellow subsidiary (being a wholly-owned subsidiary of an intermediate holding company of the Company) was unsecured, interest-free and not expected to be settled within one year from the end of the reporting period, and has no fixed repayment terms (31 December 2023: Nil).

Notes to the Unaudited Condensed Interim Financial Statements

19 Capital commitments

At 30 June 2024, the Group had capital commitments in relation to fixed assets contracted but not provided for in these condensed interim financial statements in the amount of HK$9 million (31 December 2023: HK$6 million).

20 Contingent liabilities

At 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

21 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these condensed interim financial statements, the Group entered into the following material related party transactions during the period:

Transactions with fellow subsidiaries (note (i))

Details of material related party transactions during the period between the Group and its fellow subsidiaries are as follows:

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Rental paid and payable (note (ii))	**122**	123
Cleaning expenses	**4**	4
Management fee income	**–**	1
Gift certificates sold	**–**	1
Sales of rapid test kits, masks and others	**2**	–
Sales of goods settled by H • COINS	**1**	–

Note (i): In the opinion of the Directors, these transactions were carried out on normal commercial terms and in the ordinary course of business.

Note (ii): Included management fees, air-conditioning charges and rates in the aggregate amount of HK$34 million for the six months ended 30 June 2024 (2023: HK$34 million).

Furthermore, at 30 June 2024, a banking facility has been granted to a direct wholly-owned subsidiary of the Company and a fellow subsidiary of the Group in an aggregate amount of up to HK$650 million, the maximum sub-limit of which available to the Group amounted to HK$250 million. This facility is guaranteed by an intermediate holding company of the Company in favour of the lending bank.

At 30 June 2024, under a banking facility granted to an intermediate holding company of the Company, a bank had issued a letter of guarantee to a landlord in lieu of rental deposit in the amount of HK$3 million (31 December 2023: HK$3 million) in connection with a store operated by an indirect wholly-owned subsidiary of the Company.

22 Non-adjusting event after the reporting period

Subsequent to the end of the reporting period, the Directors have resolved not to declare any interim dividend (2023: Nil), further details of which are disclosed in note 10(a).

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2024 have been reviewed by the auditor of the Company, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on page 10.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Audit Committee met in August 2024 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2024.

Corporate Governance

During the six months ended 30 June 2024, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company to let Dr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Dr Lee's in-depth expertise and knowledge in business and the Group. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

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 C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

Forward-Looking Statements

This interim report contains certain statements that are forward looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors of the Company since the date of the Annual Report 2023 and up to the date of this report required to be disclosed is that Dr Lee Ka Kit was awarded the Grand Bauhinia Medal (GBM) by the Government of the Hong Kong Special Administrative Region on 1 July 2024.

In addition, Ms Chen Fok Lan was appointed as an Executive Director of the Company on 16 July 2024.

On behalf of the Board

Dr Lee Ka Shing
Chairman

Hong Kong, 21 August 2024

As at the date of this report, the Board comprises: (1) executive directors: Lee Ka Shing (Chairman and Managing Director), Lee Ka Kit, Lam Ko Yin, Colin, Li Ning and Chen Fok Lan; and (2) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong and Au Siu Kee, Alexander.

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2024, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Investment Limited	Lee Ka Kit	1				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	1				2,110,868,943	2,110,868,943	69.27
	Li Ning	1		2,110,868,943			2,110,868,943	69.27
Henderson Land Development Company Limited	Lee Ka Kit	2				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	2				3,509,782,778	3,509,782,778	72.50
	Li Ning	2		3,509,782,778			3,509,782,778	72.50
Miramar Hotel and Investment Company, Limited	Lee Ka Kit	3				345,999,980	345,999,980	50.08
	Lee Ka Shing	3				345,999,980	345,999,980	50.08
	Li Ning	3		345,999,980			345,999,980	50.08

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Ka Kit	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	4		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	4		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	5		15,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares)	30.00

Save as disclosed above, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Ka Kit, Dr Lee Ka Shing and Mr Li Ning in the shares, underlying shares and debentures of the unlisted associated corporations of the Company which are solely derived from their deemed interests in Henderson Development Limited, Henderson Land Development Company Limited, Miramar Hotel and Investment Company, Limited and/or the Company and not from any separate personal interests of their own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 41(2) of Appendix D2 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Substantial Shareholders' and Others' Interests

As at 30 June 2024, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

	No. of shares in which interested	% Interest
Substantial Shareholders		
Lee Shau Kee (Note 1)	2,110,868,943	69.27
Rimmer (Cayman) Limited (Note 1)	2,110,868,943	69.27
Riddick (Cayman) Limited (Note 1)	2,110,868,943	69.27
Hopkins (Cayman) Limited (Note 1)	2,110,868,943	69.27
Henderson Development Limited (Note 1)	2,110,868,943	69.27
Henderson Land Development Company Limited (Note 1)	2,110,868,943	69.27
Kingslee S.A. (Note 1)	2,110,868,943	69.27
Banshing Investment Limited (Note 1)	843,249,284	27.67
Markshing Investment Limited (Note 1)	602,398,418	19.77
Covite Investment Limited (Note 1)	363,328,900	11.92
Person other than Substantial Shareholders		
Gainwise Investment Limited (Note 1)	217,250,000	7.13

Notes:

1. Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by Henderson Land Development Company Limited ("HL") which in turn was 72.44% held by Henderson Development Limited ("HD"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr Lee Shau Kee. Dr Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO.

2. Of these shares, (i) 1,450,788,868 shares were owned by HD; (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD as set out in Note 1 and Fu Sang. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO.

3. Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by HL. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in HL as set out in Note 2 and these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in HL as set out in Note 2 and these shares by virtue of the SFO.

4. These shares were held by Hopkins as trustee of the Unit Trust.

5. These shares were held by Fu Sang.

Share Schemes

The Company and its subsidiaries have no share schemes.

Arrangements to Purchase Shares or Debentures

At no time during the six months ended 30 June 2024 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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