

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

2019 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS AND DIVIDEND

The Board of Directors announces that for the six months ended 30 June 2019, the (unaudited) Group's profit attributable to equity shareholders amounted to HK\$21 million, representing a decrease of HK\$27 million or 56% from HK\$48 million for the corresponding period in 2018. Earnings per share were HK 0.7 cents (2018: HK 1.6 cents).

The Board has resolved to pay an interim dividend of HK 2.0 cents per share (2018: HK 2.0 cents per share) to shareholders whose names appear on the Register of Members of the Company on Friday, 6 September 2019 and such interim dividend will not be subject to any withholding tax in Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Thursday, 5 September 2019 and Friday, 6 September 2019, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4 September 2019. The interim dividend will be distributed to shareholders on Thursday, 12 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group focuses on department store operations. Currently, it operates six department stores under the name “Citistore”, as well as two department stores-cum-supermarkets through its recently-acquired “Unicorn Stores (HK) Limited” (formerly known as “UNY (HK) Co., Limited”, hereinafter referred to as “UNY HK”) in Hong Kong.

(I) Citistore

There are six department stores under the name “Citistore” in Hong Kong, of which five are located in the New Territories (in Tsuen Wan, Yuen Long, Ma On Shan, Tuen Mun and Tseung Kwan O) and the remaining one is located in Tai Kok Tsui, Kowloon:

Citistore Branches	Location	Total lettable area (square feet)
Tsuen Wan	KOLOUR • Tsuen Wan II, New Territories	138,860
Yuen Long	KOLOUR • Yuen Long, New Territories	54,809
Ma On Shan	MOSTown, New Territories	65,700
Tuen Mun	North Wing, The Trend Plaza, New Territories	17,683
Tseung Kwan O	MCP Central, New Territories	71,668
Tai Kok Tsui	Metro Harbour Plaza, Kowloon	39,645*
Total:		388,365

* being the lettable area occupied by the shop after downsizing in April 2019.

During the period under review, Citistore continued to roll out various initiatives to attract more shoppers and raise the market awareness of its brand. In April 2019, Citistore opened a pop-up store for nearly one month in Mira Place, Tsim Sha Tsui, selling exclusively pet products and organizing workshops for the making of pet accessories. This store also collaborated with an animal welfare organization to launch a dog adoption programme, with the aim to promote adoption of abandoned animals. This event was well received by pet lovers, and aroused extensive publicity from media. The brand awareness of Citistore was thus enhanced.

Sales during the high season before Chinese New Year were affected by the exceptionally warm weather in early 2019, whilst consumer sentiment was subsequently dampened by Sino-US trade disputes and social unrest in Hong Kong. As such, Citistore recorded a period-on-period decrease of 6% in total sales proceeds derived from the sales of own goods, as well as concessionaire and consignment goods, for the six months ended 30 June 2019. The breakdown is as follows:

	For the six months ended 30 June		
	2019 HK\$ million	2018 HK\$ million	Change
Proceeds from sales of own goods	209	218	-4%
Proceeds from concessionaire and consignment sales	698	742	-6%
Total:	907	960	-6%

Sales of Own Goods

During the period under review, Citistore's sales of own goods decreased by 4% to HK\$209 million with a lower gross margin of 33% (2018: 35%). The Household and Toys category made up approximately 57% of the sales, the Apparels category contributed approximately 28% and the balance of approximately 15% came from the categories of Foods and Cosmetics.

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Sales of own goods	209	218
Gross profit (after netting the cost of inventories sold)	70	76
Gross margin	33%	35%

Concessionaire and Consignment Sales

Citistore's concessionaire sales are conducted by licensing portions of shop spaces to its concessionaires for setting up their own concession counters to sell their products, whilst consignment sales comprise the sales of consignors' own products on or in designated shelves, areas or spaces. Citistore charges these concessionaire and consignment counters on the basis of revenue sharing or basic commission (if any), whichever is higher, as its commission income. During the period under review, the total commission income derived from these concessionaire and consignment counters decreased by 6% period-on-period to HK\$206 million, reflecting the decrease in the sales proceeds generated from both counters as shown below:

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Sales proceeds from concessionaire counters	257	266
Sales proceeds from consignment counters	441	476
Total:	698	742
Commission income from concessionaire and consignment counters	206	219

Citistore's Profit Contribution

With the decrease in gross profit of HK\$6 million from the sale of own goods, as well as the decrease in commission income from concessionaire and consignment counters in the aggregate amount of HK\$13 million, Citistore's profit after taxation for the period under review decreased by HK\$14 million or 30% period-on-period to HK\$33 million, despite its relentless efforts in controlling operating costs.

(II) UNY HK

The acquisition of UNY HK was completed on 31 May 2018. PIAGO at Telford Plaza, a loss-making store included in the acquisition, was closed at the end of March 2019, as originally planned in the course of the acquisition and the post-acquisition integration assessment. Currently, UNY HK operates two department stores-cum-supermarkets in the following densely-populated residential districts:

Location		Total lettable area (square feet)
APITA	Cityplaza, Taikoo Shing, Hong Kong Island	118,691
UNY	Lok Fu Place, Lok Fu, Kowloon	70,045*
Total:		188,736

** being the lettable area occupied by the shop after downsizing in June 2019.*

During the period under review, UNY HK generated gross profit (after netting the cost of inventories sold) of HK\$133 million against a total sales of own goods of HK\$464 million, resulting in a gross margin of 29%. Meanwhile, UNY HK's sales proceeds from consignment counters, and the commission income arose, amounted to HK\$181 million and HK\$40 million respectively. After deducting the operating expenses, a loss after taxation of HK\$17 million was recorded, mainly due to the rental expenditure in the aggregate amount of HK\$22 million incurred on the PIAGO premises after its closure on 31 March 2019.

Aggregating the above-mentioned operating results of Citistore and UNY HK, the total after-tax profit contribution from the Group's department store operations amounted to HK\$16 million for the six months ended 30 June 2019. After taking into account the interest income, dividend income and the overhead expenditures of its head office, the Group's profit attributable to equity shareholders during the period under review amounted to HK\$21 million, representing a decrease of HK\$27 million or 56% from that of HK\$48 million in the corresponding period of previous year.

CORPORATE FINANCE

At 30 June 2019, the Group's cash and bank balances amounted to HK\$398 million (31 December 2018: HK\$465 million). After netting off its bank borrowing of HK\$10 million (31 December 2018: HK\$Nil), the Group had net cash of HK\$388 million (31 December 2018: HK\$465 million).

PROSPECTS

Given the ongoing Sino-US trade disputes and social unrest in Hong Kong, consumer sentiment is expected to be weakened. The Group will closely monitor the situation and stay prudent.

The Group will roll out more initiatives to improve the overall shopping environments of its stores. UNY at Lok Fu Place is now undergoing a phased renovation, with the aim to offer a refreshing and comfortable shopping experience for customers. In addition, the Group is integrating the businesses of "Citistore" and "UNY HK". By sharing of market intelligence and integrating their computer information systems, operational synergies will be achieved. Together with continuous promotional efforts and cost savings measures, the Group's competitiveness is set to be further improved.

APPRECIATION

Dr Lee Shau Kee, the founder of the Company, retired from the directorship of the Company on 28 May 2019 due to his advanced age. The Board would like to express its sincere gratitude to Dr Lee Shau Kee for his leadership and invaluable contribution to the Group in the past four decades.

BUSINESS RESULTS

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2019 – unaudited

		For the six months ended 30 June	
		2019	2018
	Note	HK\$ million	HK\$ million
Revenue	4	926	524
Direct costs		(803)	(435)
		123	89
Other revenue	5	5	5
Other (expense)/income, net	6	(16)	7
Selling and marketing expenses		(16)	(9)
Administrative expenses		(50)	(35)
Profit from operations		46	57
Finance costs on lease liabilities	7(b)	(22)	-
Profit before taxation	7	24	57
Income tax	8	(3)	(9)
Profit attributable to equity shareholders of the Company for the period		21	48
		HK cents	HK cents
Earnings per share			
– Basic and diluted	9	0.7	1.6

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

**Consolidated Statement of Profit or Loss and Other
Comprehensive Income**
for the six months ended 30 June 2019 – unaudited

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Profit attributable to equity shareholders of the Company for the period	21	48
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	-	(2)
Total comprehensive income attributable to equity shareholders of the Company for the period	21	46

Consolidated Statement of Financial Position

		At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
	Note		
Non-current assets			
Fixed assets		72	92
Right-of-use assets	12	736	-
Trademarks		43	44
Investments in listed securities designated as financial assets at fair value through other comprehensive income		56	56
Goodwill	13	1,072	1,072
Deferred tax assets		25	11
		2,004	1,275
Current assets			
Inventories		106	123
Trade and other receivables	14	73	68
Tax recoverable		-	2
Cash and bank balances		398	465
		577	658
Current liabilities			
Trade and other payables	15	351	428
Lease liabilities	16	223	-
Bank loan		10	-
Amounts due to affiliates		4	75
Current taxation		13	8
		601	511
Net current (liabilities)/assets		(24)	147
Total assets less current liabilities		1,980	1,422
Non-current liabilities			
Lease liabilities	16	650	-
Provisions for reinstatement costs		12	13
Deferred tax liabilities		7	8
		669	21
NET ASSETS		1,311	1,401

Consolidated Statement of Financial Position (continued)

		At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
	Note		
CAPITAL AND RESERVES			
Share capital		612	612
Reserves		699	789
TOTAL EQUITY		1,311	1,401

NOTES

1 Review of results

The 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”). PwC’s independent review report to the Board of Directors is included in the interim report to be sent to shareholders. In addition, the condensed interim financial statements have been reviewed with no disagreement by the Company’s Audit Committee.

2 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”).

The 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 HKICPA.

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company’s consolidated financial statements for the year ended 31 December 2018, except for the accounting policy changes that are expected to be reflected in the Company’s consolidated financial statements for the year ending 31 December 2019. Details of these changes in accounting policies are set out in note 3.

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 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 2019, the Group was in a net current liabilities position of HK\$24 million. This was mainly due to the recognition of the current portion of lease liabilities of HK\$223 million in adopting HKFRS 16, *Leases*. Taking into account the expected cash flows from operations and the investments in unpledged listed securities, 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.

The financial information relating to the year ended 31 December 2018 as comparative information that is included in this preliminary announcement of interim results for the six months ended 30 June 2019 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 2018 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 financial statements. The auditor’s report was unqualified; did not include a reference to any matters (including those matters described in the Key Audit Matters section) to which the auditor drew attention by way of emphasis of matter 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).

3 Changes in accounting policies

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

- HKFRS 16, *Leases*
- HK(IFRIC) Interpretation 23, *Uncertainty over income tax treatments*
- Annual improvements to HKFRSs 2015-2017 cycle

Under HKFRS 16, a lessee is required to recognise at its inception a right-of-use asset and a lease liability in the statement of financial position, and the related depreciation charge on the right-of-use asset and the related interest expenses on the lease liability in the statement of profit or loss as the distinction between operating and finance leases is removed. The only exceptions are short-term and low value leases in relation to which the "practical expedient" under HKFRS 16 is applicable. The accounting for lessors has not significantly changed. The adoption of HKFRS 16 affects the leases of properties as a lessee previously classified as operating leases prior to the adoption of HKFRS 16, which results in an increase in both assets and liabilities in the lessee's statement of financial position and impacts on the timing of recognition of the financial effects in the lessee's statement of profit or loss over the period of the leases.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability as adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method during the period from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless it is reasonably certain that the Group will obtain ownership of the leased asset upon the expiry of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method, and is re-measured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such renewal options impacts the lease term, which may significantly affect the amounts of lease liabilities and right-of-use assets recognised.

3 Changes in accounting policies (continued)

The Group applies the modified retrospective approach under HKFRS 16, and therefore no restatement is made to the comparative amounts for the corresponding six months ended 30 June 2018 prior to the first adoption of HKFRS 16. A retrospective adjustment to the Group's retained profits (after tax) at 1 January 2019, for a cumulative decrease in the amount of HK\$50 million, was recognised only as referred to in the Group's consolidated statement of changes in equity for the six months ended 30 June 2019.

At transition, except for short-term and low value leases of the Group in respect of which the Company or any of its subsidiaries is a lessee and in relation to which the "practical expedient" under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset, which is measured at its carrying amount as if HKFRS 16 had been applied since the commencement date of the Remaining Lease, discounted at the Group's incremental borrowing rate at 1 January 2019.

At transition, lease liabilities were measured at the present value of the Remaining Leases payments, discounted at the Group's incremental borrowing rate at 1 January 2019. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019 which was 4.8% per annum.

	HK\$ million
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements for the year ended 31 December 2018	1,359
Less: non-rent portion (management fees, air-conditioning charges and rates)	(243)
	1,116
Discounted using the Group's incremental borrowing rate at 1 January 2019	1,012
Less: recognition exemption for short-term leases	(46)
Lease liabilities recognised at 1 January 2019	966

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- right-of-use assets increased by HK\$827 million;
- deferred tax assets increased by HK\$9 million;
- trade and other payables decreased by HK\$8 million;
- amounts due to affiliates decreased by HK\$72 million; and
- lease liabilities increased by HK\$966 million.

The net impact on retained profits (after tax) at 1 January 2019 was a cumulative decrease of HK\$50 million.

The impact on the profit after tax for the six months ended 30 June 2019 was a decrease of HK\$3 million.

3 **Changes in accounting policies** (continued)

Except for HKFRS 16 whose financial impact on the Group is referred to above, none of the interpretation or amendment which is first effective for the current accounting period of the Group, as referred to above, would have a material effect on the preparation or presentation of the Group's results and financial position for the current or prior periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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	
	2019	2018
	HK\$ million	HK\$ million
Sales of goods	673	294
Commission income from consignment counters	171	149
Commission income from concessionaire counters	75	77
Promotion income	4	4
Administration fee income	3	-
	926	524

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	
	2019	2018
	HK\$ million	HK\$ million
Receipts from sales of goods by consignment counters	622	506
Receipts from sales of goods by concessionaire counters	257	266
	879	772

5 Other revenue

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Sponsorship fees	1	1
Rental income for antenna sites	2	2
Sundry income	2	2
	5	5

6 Other (expense)/income, net

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Bank interest income	4	5
Dividend income	2	2
Rental expenditure of a shop premise which ceased business operation	(22)	-
	(16)	7

7 Profit before taxation

Profit before taxation is arrived at after charging:

		For the six months ended 30 June	
		2019	2018
		HK\$ million	HK\$ million
(a) Staff costs:			
Salaries, wages and other benefits		121	84
Contributions to defined contribution retirement plan		6	4
(b) Other items:			
Amortisation of trademarks		1	-
Depreciation			
– on fixed assets		19	16
– on right-of-use assets		103	-
Finance costs on lease liabilities		22	-
Operating lease charges in respect of rental premises (<i>note</i>)		81	139
Cost of inventories sold		470	196

Note:

Included contingent rental expenses of HK\$1 million (2018: HK\$4 million) during the period.

8 Income tax

		For the six months ended 30 June	
		2019	2018
		HK\$ million	HK\$ million
Current tax — Hong Kong			
– provision for the period		9	10
Deferred taxation			
– origination and reversal of temporary differences		(6)	(1)
		3	9

Provision for Hong Kong Profits Tax has been made at 16.5% (2018: 16.5%) on the estimated assessable profit for the period.

9 Earnings per share – basic and diluted

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$21 million (2018: HK\$48 million) and 3,047,327,395 (2018: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

10 Dividends

(a) Dividend payable to equity shareholders of the Company attributable to the period

	For the six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Interim dividend declared after the end of the reporting period of HK2 cents (2018: HK2 cents) per share	61	61

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(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	
	2019	2018
	HK\$ million	HK\$ million
Final dividend in respect of the previous financial year, approved/declared and paid during the period, of HK2 cents (2018: HK2 cents) per share	61	61

11 Segment reporting

No segmental information for the six months ended 30 June 2019 is presented as the Group's revenue and trading results for the period were generated solely from its department store operation in Hong Kong, the revenue of which amounted to HK\$926 million (2018: HK\$524 million) during the period and the pre-tax profit from operation of which amounted to HK\$20 million (2018: HK\$55 million) during the period.

Geographical information

Since all of the Group's revenue was generated in Hong Kong during the six months ended 30 June 2019 and 2018, and all of the Group's fixed assets, right-of-use assets, trademarks and goodwill at 30 June 2019 and 31 December 2018 were located in Hong Kong, no geographical information on the aforementioned items is presented in accordance with HKFRS 8, *Operating segments*.

12 Right-of-use assets

	HK\$ million
Cost:	
At 1 January 2019 (upon the adoption of HKFRS 16, <i>Leases</i>)	1,406
Transfer from fixed assets	3
Addition	9
At 30 June 2019	<u>1,418</u>
Accumulated depreciation:	
At 1 January 2019 (upon the adoption of HKFRS 16, <i>Leases</i>)	(579)
Charge for the period (see note 7(b))	(103)
At 30 June 2019	<u>(682)</u>
Net book value:	
At 30 June 2019	<u>736</u>

Depreciation charge on the right-of-use assets is recognised using the straight-line method during the period of 2 years to 9 years, being the period from the commencement dates of the Remaining Leases to the end of the term of the Remaining Leases taking into consideration any renewal options attaching thereto. The carrying values of the right-of-use assets are amortised to nil on the expiry dates of the Remaining Leases.

13 Goodwill

	At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
Citistore Goodwill (as defined below)	810	810
UNY HK Goodwill (as defined below)	262	262
	1,072	1,072

(a) Citistore Goodwill

On 1 December 2014, the Group 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 31 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 store 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 Directors have assessed that there was no impairment on the Citistore Goodwill at 30 June 2019, for the reason that in relation to the cash-generating unit under Citistore, the recoverable amount calculated based on value in use exceeded the carrying value at 30 June 2019.

(b) UNY HK Goodwill

On 31 May 2018, the Group acquired the entire issued share capital of UNY (HK) Co., Limited (“UNY HK”, which was renamed as Unicorn Stores (HK) Limited on 27 July 2018) for an adjusted cash consideration of HK\$291 million (the “UNY HK Acquisition”).

As a result of the UNY HK Acquisition, goodwill in the amount of HK\$262 million (the “UNY HK 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 UNY HK Goodwill is allocated to the Group’s department store operation under UNY HK and is tested for impairment at the end of the reporting period.

Impairment assessment is carried out by determining the fair value less cost of disposal of the cash-generating unit under UNY HK. The Directors have assessed that there was no impairment on the UNY HK Goodwill at 30 June 2019, for the reason that in relation to the cash-generating unit under UNY HK, the recoverable amount calculated based on fair value less cost of disposal exceeded the carrying value at 30 June 2019.

14 Trade and other receivables

	At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
Trade debtors	20	15
Deposits, prepayments and other receivables	53	53
	<u>73</u>	<u>68</u>

At 30 June 2019, 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 rental deposit of HK\$17 million (31 December 2018: HK\$17 million) which is 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 is as follows:

	At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
Current or under 1 month overdue	20	15

In respect of trade and other receivables, 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 a default occurring on the assets at the end of each reporting period with the risk of default 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 and changes in the operating results of the counterparty.

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

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

The Group considers the identified expected credit losses on trade and other receivables at 30 June 2019 and 31 December 2018 as minimal.

15 Trade and other payables

	At 30 June 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
Trade creditors	256	319
Contract liabilities (note)	10	12
Accrued expenses and other payables	73	85
Deposits received	12	12
	351	428

Note:

During the six months ended 30 June 2019, HK\$6 million (2018: HK\$5 million) that was included in contract liabilities at the beginning of the reporting period was recognised as revenue. Most of the contract liabilities at 30 June 2019 and 31 December 2018 were expected to be recognised within one year.

At 30 June 2019, all of the trade and other payables were interest-free and repayable within one year or on demand except for an amount of HK\$2 million (31 December 2018: 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 2019 (unaudited) HK\$ million	At 31 December 2018 (audited) HK\$ million
Due within 1 month or on demand	227	281
Due after 1 month but within 3 months	29	38
	256	319

16 Lease liabilities

	HK\$ million
At 1 January 2019 (upon the adoption of HKFRS 16, <i>Leases</i>)	966
Addition	9
Lease payments according to the terms of the Remaining Leases made during the period	(124)
Finance costs on the lease liabilities (see note 7(b))	22
At 30 June 2019	873
Represented by:	
Amount classified under current liabilities	223
Amount classified under non-current liabilities	650
At 30 June 2019	873

Finance cost is determined and recognised on the basis of the Group's incremental borrowing rate of 4.8% per annum at 1 January 2019, on the carrying balance of the lease liability of each Remaining Lease upon initial recognition on 1 January 2019, and after deducting the lease payments made for such Remaining Lease during the six months ended 30 June 2019. 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 2019 is an amount of HK\$689 million relating to the lease liabilities payable to affiliates.

FINANCIAL REVIEW

The following discussions should be read in conjunction with the Company's unaudited consolidated interim financial statements for the six months ended 30 June 2019.

Adoption of new accounting standard

Hong Kong Financial Reporting Standard 16, *Leases* ("HKFRS16") became effective for the Group commencing on 1 January 2019, under which a lessee is required to recognise, at the earlier of the inception of a lease or the adoption of HKFRS 16, a right-of-use asset and a lease liability in the statement of financial position, and the related depreciation charge on the right-of-use asset and the related interest expenses on the lease liability in the statement of profit or loss.

The Group has adopted the modified retrospective approach under HKFRS16 and does not restate comparative amounts for the corresponding six months ended 30 June 2018 prior to the first adoption of HKFRS16. As a result, in relation to the relevant leases of which the Company or any of its subsidiaries is a lessee, the Group recognised a retrospective adjustment to the consolidated retained profits (after tax) at 1 January 2019 for a cumulative decrease of HK\$50 million. Furthermore, the Group recognised (i) right-of-use assets and lease liabilities of HK\$827 million and HK\$966 million respectively in the Group's consolidated statement of financial position at 1 January 2019; and (ii) depreciation charge on the right-of-use assets and finance costs on the lease liabilities in the amounts of HK\$103 million and HK\$22 million respectively in the Group's consolidated statement of profit or loss for the six months ended 30 June 2019.

Material acquisitions and disposals

The Group did not undertake any significant acquisitions or disposals of assets or subsidiaries during the six months ended 30 June 2019.

Results of operations

During the six months ended 30 June 2019, the Group was engaged in the operation of department stores in Hong Kong under (i) Citistore (Hong Kong) Limited ("Citistore", a wholly-owned subsidiary of the Company); and (ii) Unicorn Stores (HK) Limited ("UNY HK", a wholly-owned subsidiary of the Company and which was formerly known as UNY (HK) Co., Limited until 27 July 2018 on which date the current name was adopted).

(a) Department store operation in Hong Kong

Citistore

The Group recognised the following financial performance of Citistore for the six months ended 30 June 2019 as compared with the corresponding period of six months ended 30 June 2018:

		Six months ended 30 June		<i>Increase /</i>	<i>Increase /</i>
		2019	2018	<i>(Decrease)</i>	<i>(Decrease)</i>
	<i>Note</i>	HK\$ million	HK\$ million	HK\$ million	%
Revenue					
- Sales of goods		209	218	(9)	-4%
- Commission income derived from consignment counters		131	142	(11)	-8%
- Commission income derived from concessionaire counters		75	77	(2)	-3%
- Promotion income		4	4	-	-
	(i)	419	441	(22)	-5%
Direct costs					
- Cost of inventories sold		(139)	(142)	3	-2%
- Rental and related expenses	(ii)	(31)	(120)	89	-74%
- Staff salaries and related expenses		(57)	(58)	1	-2%
- Depreciation charge on leasehold improvements		(12)	(14)	2	-14%
- Depreciation charge on right-of-use assets	(ii)	(69)	-	(69)	n/a
- Others		(20)	(19)	(1)	+5%
		(328)	(353)	25	-7%
Other revenue		4	5	(1)	-20%
Selling and marketing expenses		(8)	(9)	1	-11%
Administrative expenses	(iii)	(30)	(28)	(2)	+7%
Profit from operations		57	56	1	+2%
Finance costs on lease liabilities	(ii)	(17)	-	(17)	n/a
Profit before taxation		40	56	(16)	-29%
Income tax	(iv)	(7)	(9)	2	-22%
Profit after taxation attributable to equity shareholders of the Company		33	47	(14)	-30%

Notes:

- (i) The period-on-period decrease in revenue of HK\$22 million, or 5%, is mainly attributable to a remarkably warmer weather during the months of January and February 2019 which resulted in a decrease in the sales of winter merchandises in January and February 2019 when compared with that for the corresponding period of January and February 2018, and the cautious consumption and retail market sentiment in Hong Kong starting from May 2019 amid external uncertainties.

- (ii) *The Group has adopted HKFRS16 on 1 January 2019 under which 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 HKFRS16. As a result, the accounting treatment of HKFRS16 is not applicable to such short-term leases, and therefore the rental and related expenses of such short-term leases continued to be recognised in the reporting entity’s statement of profit or loss for the six months ended 30 June 2019.*

Also, under HKFRS16, the distinction between operating and finance leases is removed. As a result, for each tenancy lease of Citistore other than the short-term leases in relation to which the “practical expedient” under HKFRS16 is applicable, Citistore has recognised the following:

- *right-of-use assets in the statement of financial position measured at their carrying amounts (as if HKFRS16 had been applied since the commencement date of the tenancy lease) but discounted using Citistore’s incremental borrowing rate at 1 January 2019. Accordingly, Citistore recognised the related depreciation charge on the right-of-use assets in the aggregate amount of HK\$71 million (of which HK\$69 million is classified under “Direct costs” and HK\$2 million is classified under “Administrative expenses” as referred to in note (iii) below) in the statement of profit or loss for the six months ended 30 June 2019; and*
- *lease liabilities in the statement of financial position, which are interest-bearing at Citistore’s incremental borrowing rate at 1 January 2019. Accordingly, Citistore recognised the related finance costs on the lease liabilities in the amount of HK\$17 million in the statement of profit or loss for the six months ended 30 June 2019.*

As the Group applies the modified retrospective approach under HKFRS16, no reinstatement is made to the comparative amounts for the corresponding six months ended 30 June 2018 prior to the first adoption of HKFRS16. Therefore, for the purpose of direct comparison between the two periods of six months ended 30 June 2019 and 2018, the rental and related expenses of HK\$32 million (of which HK\$31 million is classified under “Direct costs” and HK\$1 million is classified under “Administrative expenses” as referred to in note (iii) below), the depreciation charge on right-of-use assets of HK\$71 million (see above) and the finance costs on the lease liabilities of HK\$17 million (see above) are aggregated which amounted to HK\$120 million for the six months ended 30 June 2019 (2018: rental and related expenses of HK\$124 million, comprising an amount of HK\$120 million which is classified under “Direct costs” and an amount of HK\$4 million which is classified under “Administrative expenses” as referred to in note (iii) below), and the period-on-period decrease of HK\$4 million is attributable to the decrease in turnover rentals payable by Citistore due to the decrease in revenue during the six months ended 30 June 2019.

- (iii) *Administrative expenses include, in relation to the head office of Citistore, the depreciation charge on the right-of-use assets in the amount of HK\$2 million (2018: Nil) and the rental expenditure in the amount of HK\$1 million (2018: HK\$4 million).*
- (iv) *Income tax charge relates to the provision for Hong Kong Profits Tax for the six months ended 30 June 2019. The period-on-period decrease in income tax charge of HK\$2 million, or 22%, is due to the period-on-period decrease in Citistore’s profit before tax of HK\$16 million for the six months ended 30 June 2019.*

Goodwill on acquisition in the amount of HK\$810 million (31 December 2018: HK\$810 million) (the “Citistore Goodwill”), which arose from the Group’s acquisition of Citistore in 2014, was recognised in the Group’s consolidated statement of financial position at 30 June 2019. The Citistore Goodwill was tested for impairment at 30 June 2019 by determining the value in use of Citistore as a cash-generating unit in comparison with the carrying amount of the Citistore Goodwill at 30 June 2019. The directors of the Company have assessed that there was no impairment on the carrying amount of the Citistore Goodwill at 30 June 2019.

UNY HK

Since the acquisition of UNY HK was completed on 31 May 2018 (the “UNY HK Acquisition”), the 2018 comparative figures below only contained the financial performance of UNY HK for the month of June 2018.

Six months ended 30 June				
	2019	2018	Increase	Increase
<i>Note</i>	HK\$ million	HK\$ million	HK\$ million	%
Revenue				
- Sales of goods	464	76	388	+511%
- Commission income derived from consignment counters	40	7	33	+471%
- Administration fee income	3	-	3	n/a
	507	83	424	+511%
Direct costs				
- Cost of inventories sold	(331)	(54)	(277)	+513%
- Rental and related expenses (v)	(47)	(15)	(32)	+213%
- Staff salaries and related expenses	(40)	(7)	(33)	+471%
- Depreciation charge on leasehold improvements	(5)	(1)	(4)	+400%
- Depreciation charge on right-of-use assets (v)	(31)	-	(31)	n/a
- Others	(21)	(5)	(16)	+320%
	(475)	(82)	(393)	+479%
Other revenue	1	-	1	n/a
Other expense (vi)	(22)	-	(22)	n/a
Selling and marketing expenses	(8)	-	(8)	n/a
Administrative expenses (vii)	(18)	(2)	(16)	+800%
Loss from operations	(15)	(1)	(14)	+1,400%
Finance costs on lease liabilities (v)	(5)	-	(5)	n/a
Loss before taxation	(20)	(1)	(19)	+1,900%
Income tax (viii)	3	-	3	n/a
Loss after taxation attributable to equity shareholders of the Company	(17)	(1)	(16)	+1,600%

Notes:

(v) Under HKFRS16, the distinction between operating and finance leases is removed. As a result, for each tenancy lease of UNY HK other than the short-term leases in relation to which the “practical expedient” under HKFRS16 is applicable, UNY HK has recognised the following:

- right-of-use assets in the statement of financial position measured at their carrying amounts (as if HKFRS16 had been applied since the commencement date of the tenancy lease) but discounted using UNY HK’s incremental borrowing rate at 1 January 2019. Accordingly, UNY HK recognised the related depreciation charge on the right-of-use assets in the aggregate amount of HK\$32 million (of which HK\$31 million is classified under “Direct costs” and HK\$ 1 million is classified under “Administrative expenses” as referred to in note (vii) below) in the statement of profit or loss for the six months ended 30 June 2019; and
- lease liabilities in the statement of financial position, which are interest-bearing at UNY HK’s incremental borrowing rate at 1 January 2019. Accordingly, UNY HK recognised the related finance costs on the lease liabilities in the amount of HK\$5 million in the statement of profit or loss for the six months ended 30 June 2019.

As the Group applies the modified retrospective approach under HKFRS16, no reinstatement is made to the comparative amounts for the corresponding six months ended 30 June 2018 prior to the first adoption of HKFRS16. Therefore, for the purpose of direct comparison between the two periods of six months ended 30 June 2019 and 2018, the rental and related expenses of HK\$49 million (of which HK\$47 million is classified under “Direct costs” and HK\$2 million is classified under “Administrative expenses” as referred to in note (vii) below), the depreciation charge on right-of-use assets of HK\$32 million (see above) and the finance costs on the lease liabilities of HK\$5 million (see above) are aggregated which amounted to HK\$86 million for the six months ended 30 June 2019 (2018: rental and related expenses of HK\$15 million which are classified under “Direct costs”), and the period-on-period increase of HK\$71 million is attributable to the effect of recognising UNY HK’s financial performance for the full six months ended 30 June 2019 when compared with the financial performance only for the month of June 2018 for the corresponding six months ended 30 June 2018.

- (vi) Other expense in the amount of HK\$22 million for the six months ended 30 June 2019 (2018: Nil) represents the rental expenditure of the shop premise of the PIAGO store at Kowloon Bay, whose business operation ceased on 31 March 2019, for the period from 1 April 2019 to 20 October 2019 (being the expiry date of the tenancy lease).
- (vii) Administrative expenses include, in relation to the head office of UNY HK, the depreciation charge on the right-of-use asset in the amount of HK\$1 million (2018: Nil) and the rental expenditure in the amount of HK\$2 million (2018: Nil).
- (viii) UNY HK recognised an income tax credit of HK\$3 million for the six months ended 30 June 2019 (2018: Nil) due to the period-on-period increase in UNY HK’s loss before tax of HK\$19 million for the six months ended 30 June 2019.

On 31 March 2019, UNY HK ceased its business operation of the PIAGO store at Kowloon Bay but, during the period from 1 April 2019 to 20 October 2019, UNY HK continued to incur rental expenditure on the shop premise of PIAGO (whose tenancy lease shall expire on 20 October 2019). For the period from 1 April 2019 to 20 October 2019, the aggregate amount of rental expenditure incurred by UNY HK on the PIAGO premise amounted to HK\$22 million (see note (vi) above), which mainly accounted for UNY HK’s loss for the six months ended 30 June 2019.

Goodwill on acquisition in the amount of HK\$262 million (31 December 2018: HK\$262 million) (the “UNY HK Goodwill”), which arose from the UNY HK Acquisition, was recognised in the Group’s consolidated statement of financial position at 30 June 2019. The UNY HK Goodwill was tested for impairment at 30 June 2019 by determining the fair value less cost of disposal of UNY HK as a cash-generating unit in comparison with the carrying amount of the UNY HK Goodwill at 30 June 2019. The directors of the Company have assessed that there was no impairment on the carrying amount of the UNY HK Goodwill at 30 June 2019.

(b) Corporate level

		<u>Six months ended 30 June</u>		<i>Increase /</i>	<i>Increase /</i>
		2019	2018	<i>(Decrease)</i>	<i>(Decrease)</i>
	<i>Note</i>	HK\$ million	HK\$ million	<i>HK\$ million</i>	<i>%</i>
Other income					
- Bank interest income		4	5	<i>(1)</i>	-20%
- Dividend income		2	2	-	-
		6	7	<i>(1)</i>	-14%
Administrative expenses	<i>(ix)</i>	(2)	(5)	3	-60%
Profit before taxation		4	2	2	+100%
Income tax credit		1	-	1	n/a
Profit after taxation attributable to equity shareholders of the Company		5	2	3	+150%

Notes:

- (ix) The period-on-period decrease of HK\$3 million, or 60%, in the Group's administrative expenses at corporate level is mainly attributable to the savings during the period in the legal and professional expenses incurred by the Group for the acquisition of UNY HK during the corresponding six months ended 30 June 2018.

(c) Overall

Aggregating the abovementioned profit/(loss) after tax of the department store operation in HK and profit after tax at corporate level for the six months ended 30 June 2019, the Group recorded total profit after tax attributable to equity shareholders in the amount of HK\$21 million for the six months ended 30 June 2019 (2018: HK\$48 million), representing a period-on-period decrease of HK\$27 million, or 56%.

Finance costs on bank borrowing

During the six months ended 30 June 2019, the Group recognised finance costs (including other borrowing costs) of HK\$35,179 (2018: HK\$181,662) in relation to the Group's bank borrowing drawdown at 30 June 2019 as referred to in the paragraph headed "Financial resources, liquidity and loan maturity profile" below.

Financial resources, liquidity and loan maturity profile

At 30 June 2019, the Group had bank borrowing of HK\$10 million (31 December 2018: Nil) which was drawdown in June 2019 pursuant to the term and revolving bank loan facilities which have a final maturity date of 31 January 2021. The effective interest rate for the Group related to the bank loan was approximately 2.83% per annum during the six months ended 30 June 2019 (2018: 1.64% per annum).

At 30 June 2019, the Group had cash and bank balances of HK\$398 million (31 December 2018: HK\$465 million). Therefore, after the deduction of bank borrowing of HK\$10 million (31 December 2018: Nil) and excluding the Group's lease liabilities recognised under HKFRS16 of HK\$873 million at 30 June 2019 (31 December 2018: Nil), the Group had net cash and bank balances of HK\$388 million at 30 June 2019 (31 December 2018: HK\$465 million).

For the six months ended 30 June 2019, the Group's profit from operations (including bank interest income but excluding finance costs) before taxation amounted to HK\$46 million (2018: HK\$57 million). Based on the Group's finance costs of HK\$35,179 for the six months ended 30 June 2019 (2018: HK\$181,662) as referred to in the paragraph headed "Finance costs on bank borrowing" above, the Group's interest cover was 1,308 times for the six months ended 30 June 2019 (2018: 314 times).

Based on the Group's net cash and bank balances of HK\$388 million at 30 June 2019, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. At 30 June 2019 and 31 December 2018, the Group was not a contractual party to any arrangements in relation to any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure and foreign exchange rate exposure and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 30 June 2019 and 31 December 2018.

Charge on assets

Except for pledged bank deposits of HK\$101,158 at 30 June 2019 (31 December 2018: HK\$101,158) held by UNY HK, assets of the Group were not charged to any parties at 30 June 2019 and 31 December 2018.

Capital commitments

At 30 June 2019, the Group had capital commitments in relation to leasehold improvements contracted but not provided for in the amount of HK\$59 million (31 December 2018: HK\$3 million).

Contingent liabilities

At 30 June 2019 and 31 December 2018, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2019, the Group had 952 (31 December 2018: 1,017) full-time employees and 277 (31 December 2018: 271) part-time employees. The decrease in the Group's headcount of full-time employees is mainly attributable to the reduction in UNY HK's staff headcount after the cessation of UNY HK's business operation of the PIAGO store at Kowloon Bay on 31 March 2019.

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.

Total staff costs for the six months ended 30 June 2019 amounted to HK\$127 million (2018: HK\$88 million). The increase in total staff costs for the six months ended 30 June 2019 is mainly due to the addition of UNY HK's staff costs for the full six months ended 30 June 2019, whilst for the corresponding six months ended 30 June 2018 the Group recognised UNY HK's staff costs only for the month of June 2018.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2019 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.

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 2019 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2019.

Corporate Governance

During the six months ended 30 June 2019, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Appendix 14 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 code provision A.2.1 of the CG Code. The Company is of the view that it is in the best interest of the Company to let Mr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Mr Lee’s in-depth expertise and knowledge in business and the Group.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as 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 announcement 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.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 21 August 2019

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