HENDERSON INVESTMENT LIMITED
恒 基 兆 業 發 展 有 限 公 司
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

2025 INTERIM RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDEND

The Group's (unaudited) loss attributable to equity shareholders for the six months ended 30 June 2025 amounted to HK$41 million, as compared with the loss of HK$69 million recorded in the corresponding period of last year. Loss per share was HK 1.3 cent (2024: HK 2.3 cents).

The Board has resolved not to declare any interim dividend (2024: Nil) for the period under review, because of the loss suffered.

BUSINESS REVIEW

In late 2024, the Chinese Government resumed and expanded the multiple-entry Individual Visit Scheme for Shenzhen residents to visit Hong Kong. In addition, after the opening of the Kai Tak Sports Park in March 2025, Hong Kong has hosted an increasing number of international events and large-scale activities, attracting both mainland and foreign tourists to Hong Kong for consumption. However, Hongkongers were keen to go north for shopping and entertainment, which continued to weigh on the local retail sector. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for the first half of 2025 decreased by 3.3% compared with the same period last year. Whereas, sales of commodities in supermarkets (including sales in supermarket sections of department stores) increased slightly by 0.6% in value period-on-period.

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 one household specialty store 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").

Over the years, continuous efforts have been made to integrate the businesses of Citistore and Unicorn so as to enhance their operational synergies and efficiency. In late 2024, their common membership loyalty programme CU APP was further integrated with H • COINS, the membership loyalty programme of the Group's parent company, Henderson Land Development Company Limited, thereby providing greater shopping convenience to their 860,000 members.

(I) Citistore

During the first half of 2025, Citistore implemented the following measures to enhance its operational efficiency and market competitiveness:

- Adjusted its store network and closed a Citilife store in Wong Tai Sin. Meanwhile, the Yuen Long store was downsized and its layout was optimised to elevate customers' shopping experience.

- Engaged social media platforms to promote its 35th Anniversary Sales and strengthened its ties with members by offering them a number of exclusive redemption benefits.

- Refined its merchandise mix and introduced new brands to meet changing customers' needs. Various creative events and workshops were also launched to enrich customers' lifestyle experience.

- Intensified cost controls. All expenditure was subjected to rigorous review to identify savings opportunities, including negotiation with landlords on rent reductions.

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	47,927
Citistore Ma On Shan	MOSTown, New Territories	62,340
Citistore Tseung Kwan O	MCP Central, New Territories	68,276
Household Speciality Store		
Citilife Tin Shui Wai	T Town South, New Territories	3,660
	Total:	**338,746**

** 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 2025. Below is a breakdown of such sales proceeds:

	For the six months ended 30 June		
	2025	2024	
	HK$ million	HK$ million	Change
Proceeds from sales of own goods	**128**	146	-12%
Proceeds from consignment sales	**297**	347	-14%
Proceeds from concessionaire sales	**166**	189	-12%
Total:	**591**	682	-13%

Sales of Own Goods

During the first half of 2025, Citistore's sales of own goods decreased by 12% period-on-period to HK$128 million with a gross margin of 32%.

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Sales of own goods	**128**	146
Gross profit (after netting the cost of inventories sold)	**41**	45
Gross margin	**32%**	31%

Consignment and Concessionaire Sales

Citistore's consignment sales comprise the sales of consignors' products on consignment basis on designated shelves or in designated areas, while concessionaire sales are conducted by concessionaires operating from their own shop spaces within Citistore's stores under licence agreements. From all consignment and concessionaire sales Citistore receives a revenue-based commission or base commission (if any), whichever is higher, as its commission income. During the first half of 2025, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 11% period-on-period to HK$138 million. Below is a breakdown of such commission income:

	For the six months ended 30 June		
	2025	2024	
	HK$ million	HK$ million	Change
Commission income:			
- from consignment sales	**90**	103	-13%
- from concessionaire sales	**48**	52	-8%
Total:	**138**	155	-11%

Citistore's Loss after Taxation

After deducting its operating expenses, Citistore recorded a loss after taxation of HK$7 million for the six months ended 30 June 2025 (2024: HK$11 million).

(II) Unicorn

During the first half of 2025, Unicorn implemented the following measures to enhance its operational efficiency and market competitiveness:

- Introduced new species of Japanese fruits, whilst expanding the product range of fresh meat and fish sourced from Japan. All these initiatives enhanced its market position as a leading Japan-styled supermarket in Hong Kong.

- In addition to launching the popular "Bluefin Tuna Cutting Show", cooking classes were also offered to its members. Certain cooking demonstration videos and recipes were uploaded to social media platforms so as to reach a wider audience and extend publicity.

- Launched a number of food fairs to promote famous delicatessens from various countries, which drove visitors' traffic and stimulated consumer spending at its stores.

- Rigorously reviewed all expenditure to maximise utilisation of resources and preserve its competitive edge.

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**

Unicorn's sales of own goods and consignment sales for the six months ended 30 June 2025 decreased by merely 1% period-on-period to HK$582 million. The results of sales of own goods and consignment sales are as follows:

	For the six months ended 30 June		
	2025	2024	
	HK$ million	HK$ million	Change
Sales of own goods	**436**	433	+1%
Consignment sales	**146**	154	-5%
Total:	**582**	587	-1%
Sales of Own Goods			
Gross profit (after netting the cost of inventories sold)	**114**	115	
Gross margin	**26%**	27%	
Consignment Sales			
Commission income	**34**	33	

Unicorn's Loss after Taxation

After deducting its operating expenses, Unicorn recorded a loss after taxation of HK$30 million for the six months ended 30 June 2025 (2024: HK$53 million).

Performance

	For the six months ended 30 June					
	2025 HK$ million			2024 HK$ million		
	Citistore	**Unicorn**	**Total**	Citistore	Unicorn	Total
Revenue:						
Sales of own goods	**128**	**436**	**564**	146	433	579
Commission income from consignment sales	**90**	**34**	**124**	103	33	136
Commission income from concessionaire sales	**48**	**-**	**48**	52	-	52
Sales Proceeds:						
Consignment sales	**297**	**146**	**443**	347	154	501
Concessionaire sales	**166**	**-**	**166**	189	-	189

The loss after taxation from Citistore and Unicorn amounted to HK$37 million in aggregate for the six months ended 30 June 2025 (2024: HK$64 million). After taking into account other income and expenses, the Group's loss attributable to equity shareholders for the six months ended 30 June 2025 amounted to HK$41 million (2024: HK$69 million).

CORPORATE FINANCE

As at 30 June 2025, the Group had no bank borrowings (31 December 2024: HK$Nil). Shareholder's loan to the Group amounted to HK$248 million (31 December 2024: HK$155 million). As at 30 June 2025, the Group's cash and bank balances amounted to HK$116 million (31 December 2024: HK$124 million).

PROSPECTS

Looking ahead, the Group will continue to implement strict cost controls, conduct rigorous reviews of all expenditure and streamline operations to cope with the challenging business environment. In addition, the Group will strive to expand the membership base of its loyalty programme and leverage technology to understand customers' needs, with the hope of improving operations.

Dr Lee Ka Shing
Chairman

Hong Kong, 20 August 2025

BUSINESS RESULTS

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2025 – unaudited

		For the six months ended 30 June	
		2025	2024
	Note	**HK$ million**	HK$ million
Revenue	4	**740**	772
Direct costs		**(725)**	(774)
		15	(2)
Other revenue	5	**5**	6
Other income/expenses and other gains/losses, net	6	**4**	1
Selling and marketing expenses		**(9)**	(11)
Administrative expenses		**(48)**	(55)
Loss from operations		**(33)**	(61)
Finance costs on lease liabilities and bank loan interest expenses	7(b)	**(17)**	(21)
Loss before taxation	7	**(50)**	(82)
Income tax credit	8	**9**	13
Loss attributable to equity shareholders of the Company for the period		**(41)**	(69)
		HK cents	HK cents
Loss per share			
– Basic and diluted	9	**(1.3)**	(2.3)

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 2025 – unaudited

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Loss attributable to equity shareholders of the Company for the period	**(41)**	(69)
Other comprehensive income for the period:		
Item that will not be reclassified to profit or loss:		
– Investment in listed securities designated as financial assets at fair value through other comprehensive income: net movement in the fair value reserve (non-recycling)	**7**	2
Total comprehensive income attributable to equity shareholders of the Company for the period	**(34)**	(67)

Consolidated Statement of Financial Position

	Note	**At 30 June 2025 (unaudited) HK$ million**	At 31 December 2024 (audited) HK$ million
Non-current assets			
Fixed assets		**101**	127
Right-of-use assets	12	**537**	628
Trademarks		**33**	34
Investment in listed securities designated as financial assets at fair value through other comprehensive income		**36**	29
Investment in listed securities as financial assets at fair value through profit or loss		**22**	20
Goodwill	13	**1,072**	1,072
Deferred tax assets		**95**	86
		1,896	1,996
Current assets			
Inventories		**108**	111
Trade and other receivables	14	**37**	45
Amounts due from fellow subsidiaries		**11**	-
Tax recoverable		**1**	1
Cash and bank balances		**116**	124
		273	281
Current liabilities			
Trade and other payables	15	**310**	378
Lease liabilities	16	**241**	249
Amounts due to fellow subsidiaries		**-**	5
		551	632
Net current liabilities		**(278)**	(351)
Total assets less current liabilities		**1,618**	1,645
Non-current liabilities			
Lease liabilities	16	**327**	417
Amount due to a fellow subsidiary	17	**248**	155
Provision for reinstatement costs		**18**	14
Deferred tax liabilities		**6**	6
		599	592
NET ASSETS		**1,019**	1,053

Consolidated Statement of Financial Position (continued)

	Note	**At 30 June 2025 (unaudited) HK$ million**	At 31 December 2024 (audited) HK$ million
CAPITAL AND RESERVES			
Share capital		**612**	612
Reserves		**407**	441
TOTAL EQUITY		**1,019**	1,053

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* as 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 Group’s consolidated financial statements for the year ended 31 December 2024, 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 2025. 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 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 2025, the Group was in a net current liabilities position of HK$278 million (31 December 2024: HK$351 million). This was partly due to the recognition of the current portion of lease liabilities of HK$241 million (31 December 2024: HK$249 million) under HKFRS 16, *Leases* at 30 June 2025. 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, the banking facility available to the Group and 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.

2 Basis of preparation (continued)

The financial information relating to the year ended 31 December 2024 as comparative information that is included in this preliminary announcement of interim results for the six months ended 30 June 2025 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 2024 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 Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* as issued by the HKICPA to the Group's condensed interim financial statements for the current accounting period. The amendments do not have a material impact on the Group's financial results or financial position as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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	
	2025	2024
	HK$ million	HK$ million
Sales of goods	**564**	579
Commission income from consignment counters	**124**	136
Commission income from concessionaire counters	**48**	52
Promotion income	**2**	3
Administration fee income	**2**	2
	740	772

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	
	2025	2024
	HK$ million	HK$ million
Receipts from sales of goods by consignment counters	**443**	501
Receipts from sales of goods by concessionaire counters	**166**	189
	609	690

5 Other revenue

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Sponsorship fees	**2**	2
Rental income for antenna sites	**1**	1
Sundry income	**2**	3
	5	6

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

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Dividend income	**2**	2
Net fair value gain on investment in listed securities as financial assets at fair value through profit or loss	**2**	1
Fixed assets written off	**-**	(2)
	4	1

7 Loss before taxation

Loss before taxation is arrived at after charging:

		For the six months ended 30 June	
		2025	2024
		HK$ million	HK$ million
(a) Staff costs:			
Salaries, wages and other benefits		**118**	128
Contributions to defined contribution retirement plans		**5**	6
(b) Other items:			
Amortisation of trademarks		**1**	-
Depreciation			
– on fixed assets		**21**	31
– on right-of-use assets	(note 12)	**118**	130
Finance costs on lease liabilities	(note 16)	**14**	20
Bank loan interest expenses		**3**	1
Expenses relating to short-term leases		**1**	2
Other charges in respect of rental premises		**46**	56
Cost of inventories sold		**409**	419

8 Income tax credit

	For the six months ended 30 June	
	2025	2024
	HK$ million	HK$ million
Current tax expense – Hong Kong		
– provision for the period	**-**	-
Deferred taxation credit		
– origination and reversal of temporary differences	**9**	13
	9	13

Provision for Hong Kong Profits Tax has been made at 16.5% (2024: 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$41 million (2024: HK$69 million) and 3,047,327,395 (2024: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

10 Dividends

The Directors have resolved not to declare any interim dividend payable to equity shareholders of the Company attributable to the period (2024: Nil).

The Directors have resolved not to declare any final dividend payable to equity shareholders of the Company for the year ended 31 December 2024 (Year ended 31 December 2023: Nil).

11 Segment reporting

No segmental information for the six months ended 30 June 2025 and 30 June 2024 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$740 million (2024: HK$772 million) during the period and the pre-tax loss from operation (after finance costs on lease liabilities) of which amounted to HK$51 million during the period (2024: HK$83 million).

Geographical information

Since all of the Group's revenue was generated in Hong Kong during the six months ended 30 June 2025 and 30 June 2024, and all of the Group's fixed assets, right-of-use assets, trademarks and goodwill at 30 June 2025 and 31 December 2024 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 2024	1,442
Addition for the year (note 16)	4
Change in basic rent due to modification of certain lease terms (note 16)	(6)
Write back on expiry of leases	(20)
At 31 December 2024 - *audited*	1,420
Accumulated depreciation:	
At 1 January 2024	(554)
Charge for the year	(258)
Write back on expiry of leases	20
At 31 December 2024 - *audited*	(792)
Net book value:	
At 31 December 2024 - *audited*	628
Cost:	
At 1 January 2025	**1,420**
Addition for the period (note 16)	**57**
Change in basic rent due to modification of certain lease terms (note 16)	**(30)**
Write back on expiry of leases	**(8)**
At 30 June 2025 - *unaudited*	**1,439**
Accumulated depreciation:	
At 1 January 2025	**(792)**
Charge for the period (note 7(b))	**(118)**
Write back on expiry of leases	**8**
At 30 June 2025 - *unaudited*	**(902)**
Net book value:	
At 30 June 2025 - *unaudited*	**537**

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.

13 Goodwill

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (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") which is engaged in department stores operation 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 units 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 2025) for the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 of the cash-generating units which is determined on the basis of the discounted cashflow model and management's expectations of market development and the extended membership loyalty programmes, and the following assumptions:

(i) an average increase of 4.9% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030;

(ii) an average increase of 0.2 percentage point in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030; 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 2030 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 are based on the expectations of the Group's management of their plans and market development at 30 June 2025. A pre-tax and post-tax discount rate of 12% (31 December 2024: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating units 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 2025.

At 30 June 2025, in relation to the cash-generating units 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 2025) exceeded the carrying value of the Citistore Goodwill. 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030, 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030, the Directors have assessed that there would be a potential implication for impairment on the Citistore Goodwill in an estimated amount of HK$51 million, HK$108 million and HK$202 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 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) which is engaged in supermarket-cum-stores operation (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.

13 Goodwill (continued)

(b) Unicorn Goodwill (continued)

Impairment assessment is carried out by determining the value-in-use of the cash-generating units 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 2025) for the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 of the cash-generating units which is determined on the basis of the discounted cashflow model and management's expectations of market development and the extended membership loyalty programmes, and the following assumptions:

(i) an average increase of 6.8% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030;

(ii) an average increase of 0.6 percentage point in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030; 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 2030 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 are based on the expectations of the Group's management of their plans and market development at 30 June 2025. A pre-tax and post-tax discount rate of 12% (31 December 2024: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating units 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 2025.

13 Goodwill (continued)

(b) Unicorn Goodwill (continued)

At 30 June 2025, in relation to the cash-generating units 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 2025) exceeded the carrying value of the Unicorn Goodwill. 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030, 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030, the Directors have assessed that there would be a potential implication for impairment on the Unicorn Goodwill in an estimated amount of HK$16 million, HK$68 million and HK$172 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 2026, 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030 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.

14 Trade and other receivables

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Trade debtors	**13**	15
Deposits, prepayments and other receivables	**24**	30
	37	45

At 30 June 2025, 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$6 million (31 December 2024: HK$11 million) which were expected to be recovered after more than one year from the end of the reporting period.

14 Trade and other receivables (continued)

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

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Current or under 1 month overdue	**13**	15

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 on the assets, 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 2025 and 31 December 2024 as minimal.

15 Trade and other payables

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Trade creditors	**228**	271
Contract liabilities *(note)*	**7**	8
Accrued expenses and other payables	**64**	89
Deposits received	**11**	10
	310	378

Note:
During the six months ended 30 June 2025, HK$4 million (Year ended 31 December 2024: HK$7 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 2025 and 31 December 2024 were expected to be recognised within one year.

At 30 June 2025, 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 2024: HK$1 million) which was expected to be settled after more than one year from the end of the reporting period.

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

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Due within 1 month or on demand	**197**	237
Due after 1 month but within 3 months	**31**	34
	228	271

16 Lease liabilities

	HK$ million
At 1 January 2024	924
Addition for the year (note 12)	4
Change in basic rent due to modification of certain lease terms (note 12)	(6)
Lease payments made during the year	(294)
Finance costs on lease liabilities for the year	38
At 31 December 2024 - *audited*	666
At 1 January 2025	**666**
Addition for the period (note 12)	**57**
Change in basic rent due to modification of certain lease terms (note 12)	**(30)**
Lease payments made during the period	**(136)**
Reclassification of rental deposits paid from trade and other receivables	**(3)**
Finance costs on lease liabilities for the period (note 7(b))	**14**
At 30 June 2025 - *unaudited*	**568**

	At 30 June 2025 (unaudited) HK$ million	At 31 December 2024 (audited) HK$ million
Represented by:		
Amount classified under current liabilities		
- contractual maturity within 1 year	**241**	249
Amounts classified under non-current liabilities		
- contractual maturity after 1 year and within 2 years	**128**	200
- contractual maturity after 2 years and within 5 years	**199**	217
	327	417
Total carrying amount of lease liabilities	**568**	666

16 Lease liabilities (continued)

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 and as adjusted for addition for the period/year and the modification of certain lease terms, after deducting the lease payments made for such Remaining Leases during the six months ended 30 June 2025 and the corresponding year ended 31 December 2024 and taking into account the reclassification adjustment for the six months ended 30 June 2025 (corresponding year ended 31 December 2024: Nil). 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 2025 is an amount of HK$185 million (31 December 2024: HK$288 million) relating to the lease liabilities payable to affiliates.

17 Amount due to a fellow subsidiary

At 30 June 2025 and 31 December 2024, the amount due to a fellow subsidiary (being a wholly-owned subsidiary of an intermediate holding company of the Company) under non-current liabilities was unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period, and has no fixed repayment terms.

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 2025.

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 2025.

Results of operations

The Group recorded loss after tax attributable to equity shareholders in the amount of HK$41 million for the six months ended 30 June 2025 (2024: HK$69 million). Analysis on the performance and information regarding the operations of the Group are set out in the "Business Review" section of the Chairman's Statement of the Company's 2025 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 2025 amounted in aggregate to HK$47 million (2024: HK$58 million), which comprised amounts of HK$46 million (2024: HK$57 million) classified under "Direct costs" and HK$1 million (2024: 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 2025 amounted in aggregate to HK$118 million (2024: HK$130 million), which comprised amounts of HK$115 million (2024: HK$125 million) classified under "Direct costs" and HK$3 million (2024: HK$5 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 2025 amounted in aggregate to HK$14 million (2024: HK$20 million).

During the six months ended 30 June 2025, reductions in rental and related service charges had been granted by the landlords of the Group's certain stores premises, which resulted in the Group's savings of rental and related expenditures on such store premises in the aggregate amount of HK$19 million for the period (2024: Nil). This has the financial effect of period-on-period decreases in both the depreciation charges on right-of-use assets and the finance costs on lease liabilities recognised by the Group in the statement of profit or loss for the six months ended 30 June 2025 when compared with the corresponding six months ended 30 June 2024, as referred to above.

Finance costs on bank borrowing

During the six months ended 30 June 2025 and excluding the finance costs on the lease liabilities recognised by the Group under HKFRS 16, the Group incurred finance costs of HK$3 million on bank borrowing which was fully repaid at 30 June 2025 (2024 : HK$1 million).

Financial resources, liquidity and loan maturity profile

At 30 June 2025, the Group did not have any bank borrowing (31 December 2024: Nil) other than the Group's lease liabilities recognised under HKFRS 16 of HK$568 million at 30 June 2025 (31 December 2024: HK$666 million), and had cash and bank balances of HK$116 million (31 December 2024: HK$124 million).

Based on the Group's cash and bank balances of HK$116 million at 30 June 2025, 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 2025 and 31 December 2024, 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 2025 and 31 December 2024.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2025 and 31 December 2024.

Capital commitments

At 30 June 2025, the Group had capital commitments in relation to fixed assets contracted but not provided for in the amount of HK$4 million (31 December 2024: HK$4 million).

Contingent liabilities

At 30 June 2025 and 31 December 2024, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2025, the Group had 833 (31 December 2024: 866) full-time employees and 96 (31 December 2024: 100) part-time employees. Total staff costs for the six months ended 30 June 2025 amounted to HK$123 million (2024: HK$134 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.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2025 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 2025 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2025.

Corporate Governance

During the six months ended 30 June 2025, 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 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.

On behalf of the Board
Dr Lee Ka Shing
Chairman

Hong Kong, 20 August 2025

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