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

Stock Code 股份代號：97

INTERIM REPORT 2026 中期報告

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Chairman’s Statement

Interim Results and Dividend

The Group’s (unaudited) loss attributable to equity shareholders for the six months ended 30 June 2026 amounted to HK$22 million, representing an improvement from the loss attributable to equity shareholders of HK$41 million recorded in the corresponding period in 2025. Loss per share was HK 0.7 cent (2025: HK 1.3 cent).

In view of the loss recorded in the period under review, the Board has resolved not to declare any interim dividend (2025: Nil).

Business Review

During the first half of 2026, cross-border e-commerce operators expanded their businesses in Hong Kong, further capturing local market share. Local peers launched aggressive promotional campaigns, intensifying competition. Driven by the continued trend of Hong Kong residents travelling north for consumption and persistently high operating costs, the Hong Kong retail sector remained under pressure.

The Group’s business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited – operating five department stores under the name of “Citistore” (hereinafter collectively referred to as “Citistore”); and (ii) Unicorn Stores (HK) Limited – operating two department stores with supermarkets (namely, “APITA” and “UNY”) and two supermarkets under the name of “UNY” (hereinafter collectively referred to as “Unicorn”).

Over the years, the Group has been committed to integrating the operations of Citistore and Unicorn. During the first half of 2026, the Group introduced a series of measures to achieve better synergies between the two, including improving warehousing and logistics efficiency, optimising manpower allocation, and reviewing and adjusting leasing arrangements. In addition, the Group continued to upgrade its “CU APP” membership loyalty programme and strengthen member engagement, with the aim of providing greater shopping convenience to its approximately 950,000 members.

(I) Citistore

Citistore's existing store network is as follows:

	Location	Total lettable area (square feet)
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
	Total:	**335,086**

During the first half of 2026, Citistore implemented the following measures to enhance its market competitiveness:

– Streamlined its store network and closed the Citilife household specialty store in Tin Shui Wai so as to concentrate resources on improving the performance of its department stores.

– Restructured its portfolio of concessionary counters to diversify its merchandise offerings.

– Closely monitored market trends and launched several exclusive redemption items featuring popular cartoon characters such as "Toy Story" to meet customer demand.

– Increased the proportion of part-time employees to enable greater flexibility in manpower deployment and enhance operational agility.

Due to intense competition in the retail market, Citistore recorded a year-on-year decrease of 6% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the six months ended 30 June 2026. A breakdown of such sales proceeds is set out below:

	For the six months ended 30 June		
	2026 HK$ million	2025 HK$ million	Change
Proceeds from sales of own goods	**125**	128	-2%
Proceeds from consignment sales	**283**	297	-5%
Proceeds from concessionaire sales	**149**	166	-10%
Total:	**557**	591	-6%

Sales of Own Goods

During the first half of 2026, Citistore's sales of own goods decreased by 2% year on year to HK$125 million, with the gross margin also declining to 30%.

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Sales of own goods	**125**	128
Gross profit (after netting the cost of inventories sold)	**38**	41
Gross margin	**30%**	32%

Consignment and Concessionaire Sales

Citistore's consignment sales represent the sales of consignors' products placed on designated shelves or in designated areas under consignment arrangements, while concessionaire sales are conducted by concessionaires operating from their own shop spaces within Citistore's stores under licence agreements. For both consignment and concessionaire sales, Citistore receives commission income based on a revenue-sharing arrangement or a base commission (if any), whichever is higher. During the period, proceeds from consignment and concessionaire sales decreased by 5% and 10% respectively, resulting in a 9% decline in total commission income from such sales to HK$125 million. A breakdown of such commission income is set out below:

	For the six months ended 30 June		
	2026	2025	
	HK$ million	HK$ million	Change
Commission income			
– from consignment sales	**83**	90	-8%
– from concessionaire sales	**42**	48	-13%
Total:	**125**	138	-9%

Citistore's Profit after Taxation

After deducting operating expenses, Citistore recorded a profit after taxation of HK$7 million for the six months ended 30 June 2026, representing a turnaround from the loss after taxation of HK$7 million recorded in the corresponding period last year.

(II) Unicorn

Unicorn's existing store network is as follows:

	Location	Total lettable area (square feet)
Department stores with 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**

During the first half of 2026, Unicorn implemented the following measures to enhance its market competitiveness:

– Expanded its direct import network, introducing a wider range of premium meats from Japan and seasonal fruits from Southeast Asia to meet consumers' demand for diverse and fresh food items.

– Broadened its categories of natural, health and wellness products to cater to the growing demand for health-related products.

– Continued to organise themed promotional events such as "Vietnam Food Fair" and "Tasmania Food Fair", thereby offering customers distinctive products and new shopping experiences.

– Introduced a number of new Japanese-style food outlets to APITA Eatery, enriching customers' dining experience.

– Increased the proportion of part-time employees to enable greater flexibility in manpower deployment and enhance operational agility.

Unicorn's sales of own goods and consignment sales for the six months ended 30 June 2026 decreased by 7% year on year to HK$543 million. A breakdown of such sales proceeds is set out below:

	For the six months ended 30 June		
	2026	2025	
	HK$ million	HK$ million	Change
Sales of own goods	**415**	436	-5%
Consignment sales	**128**	146	-12%
Total:	**543**	582	-7%
Sales of Own Goods			
Gross profit (after netting the cost of inventories sold)	**110**	114	
Gross margin	**27%**	26%	
Consignment Sales			
Commission income	**29**	34	

Unicorn's Loss after Taxation

After deducting operating expenses, Unicorn recorded a loss after taxation of HK$22 million for the six months ended 30 June 2026, representing an improvement from the loss after taxation of HK$30 million recorded in the corresponding period last year.

Performance

	For the six months ended 30 June					
	2026 HK$ million			2025 HK$ million		
	Citistore	**Unicorn**	**Total**	Citistore	Unicorn	Total
Revenue						
Sales of own goods	**125**	**415**	**540**	128	436	564
Commission income from consignment sales	**83**	**29**	**112**	90	34	124
Commission income from concessionaire sales	**42**	**–**	**42**	48	–	48
Sales Proceeds						
Consignment sales	**283**	**128**	**411**	297	146	443
Concessionaire sales	**149**	**–**	**149**	166	–	166

Due to their continuous efforts in enhancing efficiency and controlling operating costs, the aggregate loss after taxation from Citistore and Unicorn for the six months ended 30 June 2026 amounted to HK$15 million, representing an improvement from the loss after taxation of HK$37 million recorded in the corresponding period last year. After taking into account other income and expenses, the Group's loss attributable to equity shareholders for the six months ended 30 June 2026 amounted to HK$22 million (2025: HK$41 million).

Corporate Finance

As at 30 June 2026, the Group had no bank borrowings (31 December 2025: Nil). Shareholders' loans to the Group amounted to HK$252 million (31 December 2025: HK$246 million). As at 30 June 2026, the Group's cash and bank balances amounted to HK$106 million (31 December 2025: HK$138 million).

Prospects

Looking ahead, the Group will continue to integrate and streamline the operations of Citistore and Unicorn, with the aim of enhancing efficiency and reducing expenses. Notably, Citistore Tseung Kwan O store will be relocated to another site within the same mall this September. With a refreshed new look, it will collaborate with UNY Tseung Kwan O store to provide shoppers with a more comprehensive, one-stop department store and supermarket shopping experience. In addition, the Group will continue to expand the "CU APP" membership base and attract greater shopper patronage by optimising its merchandise mix and intensifying promotional efforts.

Appreciation

Mr Au Siu Kee, Alexander, stepped down from his positions as an Independent Non-executive Director of the Company and a member of the Audit Committee and the Corporate Governance Committee from the conclusion of the annual general meeting held on 2 June 2026. The Board would like to express its sincere gratitude to Mr Au for his invaluable contribution to the Company over the past years.

Tribute

Mr Kwong Che Keung, Gordon, an Independent Non-executive Director of the Company, the chairman of the Audit Committee and the Corporate Governance Committee, and a member of the Remuneration Committee and the Nomination Committee, passed away on 6 July 2026. Mr Kwong had served as a director of the Company since 2004. Over his 22-year tenure, he made invaluable contributions to the Company. The Board deeply mourns the passing of Mr Kwong.

Dr Lee Ka Shing
Chairman

Hong Kong, 20 August 2026

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 2026.

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 2026.

Results of operations

The Group recorded loss after tax attributable to equity shareholders in the amount of HK$22 million for the six months ended 30 June 2026 (2025: HK$41 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 2026 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 lease commencement. In this regard, rental and related expenses recognised in the statement of profit or loss for the six months ended 30 June 2026 amounted in aggregate to HK$20 million (2025: HK$47 million), which comprised amounts of HK$20 million (2025: HK$46 million) classified under "Direct costs" and HK$Nil million (2025: 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. Accordingly, depreciation charges on right-of-use assets recognised in the statement of profit or loss for the six months ended 30 June 2026 amounted in aggregate to HK$113 million (2025: HK$118 million), which comprised amounts of HK$110 million (2025: HK$115 million) classified under "Direct costs" and HK$3 million (2025: HK$3 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 2026 amounted in aggregate to HK$9 million (2025: HK$14 million).

During the six months ended 30 June 2026, 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$49 million for the period (2025: HK$19 million). This has the financial effect of year-on-year 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 2026 when compared with the corresponding six months ended 30 June 2025, as referred to above.

During the period under review, the Group has adopted the accounting policy for which depreciation of the Group's leasehold improvements is calculated on a straight-line basis over the unexpired term of the lease or the expected useful life of 5 years to 8 years, whichever is shorter. Such accounting treatment has been adopted with effect from 1 January 2026 after the review by the Company's directors ("Directors") that the useful life of the Group's certain leasehold improvements should be extended from 5 years to 8 years, for the reason that the Directors have considered the current conditions of the Group's leasehold improvements and concluded that the assets will be useable for the remainder of the lease term or the expected useful life of 5 years to 8 years without the need for further renovations or replacements. This constitutes a change in accounting estimate for the Group and hence resulted in a decrease in the Group's loss after taxation of HK$3 million for the six months ended 30 June 2026, due to a decrease in the Group's depreciation charge of HK$4 million for the period.

Finance costs on bank borrowing

During the six months ended 30 June 2026 and excluding the finance costs on the lease liabilities recognised by the Group under HKFRS 16, the Group incurred finance costs of HK$4 million on bank borrowing which was fully repaid at 30 June 2026 (2025: HK$3 million).

Financial resources, liquidity and loan maturity profile

At 30 June 2026, the Group did not have any bank borrowing (31 December 2025: Nil) other than the Group's lease liabilities recognised under HKFRS 16 of HK$324 million at 30 June 2026 (31 December 2025: HK$444 million), and had cash and bank balances of HK$106 million (31 December 2025: HK$138 million).

Based on the Group's cash and bank balances of HK$106 million at 30 June 2026, 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, the banking facility available to the Group and the advance from a fellow subsidiary, 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 2026 and 31 December 2025, 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 2026 and 31 December 2025.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2026 and 31 December 2025.

Capital commitments

At 30 June 2026, the Group had capital commitments in relation to fixed assets contracted but not provided for in the amount of HK$2 million (31 December 2025: HK$5 million).

Contingent liabilities

At 30 June 2026 and 31 December 2025, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2026, the Group had 686 (31 December 2025: 775) full-time employees and 119 (31 December 2025: 106) part-time employees. Total staff costs for the six months ended 30 June 2026 amounted to HK$114 million (2025: HK$123 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.

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

Introduction

We have reviewed the condensed interim financial statements set out on pages 13 to 34, which comprise the consolidated statement of financial position of Henderson Investment Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2026 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" as issued by the HKICPA. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2026

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss – unaudited

	Note	For the six months ended 30 June 2026 HK$ million	2025 HK$ million
Revenue	4	**698**	740
Direct costs		**(663)**	(725)
		35	15
Other revenue	5	**5**	5
Other income/expenses and other gains/losses, net	6	**2**	4
Selling and marketing expenses		**(9)**	(9)
Administrative expenses		**(46)**	(48)
Loss from operations		**(13)**	(33)
Finance costs on lease liabilities and bank loan interest expenses	7(b)	**(13)**	(17)
Loss before taxation	7	**(26)**	(50)
Income tax credit	8	**4**	9
Loss attributable to equity shareholders of the Company for the period		**(22)**	(41)
		HK cents	HK cents
Loss per share			
– Basic and diluted	9	**(0.7)**	(1.3)

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

The notes on pages 18 to 34 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

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

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Loss attributable to equity shareholders of the Company for the period	**(22)**	(41)
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)	**10**	7
Total comprehensive income attributable to equity shareholders of the Company for the period	**(12)**	(34)

The notes on pages 18 to 34 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	Note	**At 30 June 2026 (unaudited) HK$ million**	At 31 December 2025 (audited) HK$ million
Non-current assets			
Fixed assets		**66**	82
Right-of-use assets	12	**301**	415
Trademarks		**31**	32
Investment in listed securities designated as financial assets at fair value through other comprehensive income		**57**	47
Investment in listed securities as financial assets at fair value through profit or loss		**24**	24
Goodwill	13	**1,072**	1,072
Deferred tax assets		**104**	100
		1,655	1,772
Current assets			
Inventories		**95**	98
Trade and other receivables	14	**35**	41
Tax recoverable		**–**	1
Cash and bank balances	15	**106**	138
		236	278
Current liabilities			
Trade and other payables	16	**301**	334
Lease liabilities	17	**126**	201
		427	535
Net current liabilities		**(191)**	(257)
Total assets less current liabilities		**1,464**	1,515
Non-current liabilities			
Lease liabilities	17	**198**	243
Amount due to a fellow subsidiary	18	**252**	246
Provision for reinstatement costs		**16**	16
Deferred tax liabilities		**6**	6
		472	511
NET ASSETS		**992**	1,004
CAPITAL AND RESERVES			
Share capital		**612**	612
Reserves		**380**	392
TOTAL EQUITY		**992**	1,004

The notes on pages 18 to 34 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited

	Attributable to equity shareholders of the Company				
	Share capital HK$ million	Capital reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Retained profits HK$ million	Total equity HK$ million
Balance at 1 January 2025	612	10	(1)	432	1,053
Changes in equity for the six months ended 30 June 2025:					
Loss for the period	–	–	–	(41)	(41)
Other comprehensive income for the period	–	–	7	–	7
Total comprehensive income for the period	–	–	7	(41)	(34)
Balance at 30 June 2025	612	10	6	391	1,019

	Attributable to equity shareholders of the Company				
	Share capital HK$ million	**Capital reserve HK$ million**	**Fair value reserve (non-recycling) HK$ million**	**Retained profits HK$ million**	**Total equity HK$ million**
Balance at 1 January 2026	**612**	**10**	**17**	**365**	**1,004**
Changes in equity for the six months ended 30 June 2026:					
Loss for the period	**–**	**–**	**–**	**(22)**	**(22)**
Other comprehensive income for the period	**–**	**–**	**10**	**–**	**10**
Total comprehensive income for the period	**–**	**–**	**10**	**(22)**	**(12)**
Balance at 30 June 2026	**612**	**10**	**27**	**343**	**992**

The notes on pages 18 to 34 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Condensed Consolidated Cash Flow Statement – unaudited

	Note	For the six months ended 30 June 2026 HK$ million	2025 HK$ million
Operating activities			
Loss before taxation		**(26)**	(50)
Adjustments for:			
Dividend income from investment in listed securities designated as financial assets at fair value through other comprehensive income ("FVOCI") and investment in listed securities as financial assets at fair value through profit or loss ("FVPL")	6	**(2)**	(2)
Depreciation on fixed assets	7(b)	**20**	21
Depreciation on right-of-use assets	7(b)	**113**	118
Amortisation of trademarks	7(b)	**1**	1
Net fair value gain on investment in listed securities as financial assets at FVPL	6	**–**	(2)
Finance costs on lease liabilities	7(b)	**9**	14
Bank loan interest expenses	7(b)	**4**	3
Operating profit before changes in working capital		**119**	103
Decrease in inventories		**3**	3
Decrease in trade and other receivables		**3**	10
Increase in amounts due from fellow subsidiaries		**–**	(11)
Decrease in trade and other payables		**(32)**	(57)
Decrease in amounts due to fellow subsidiaries		**–**	(5)
Cash generated from operations		**93**	43
Tax refunded in Hong Kong		**1**	–
Net cash generated from operating activities		**94**	43
Investing activities			
Dividends received from investment in listed securities designated as financial assets at FVOCI and investment in listed securities as financial assets at FVPL		**2**	2
Additions to fixed assets		**(2)**	(7)
Net cash used in investing activities		**–**	(5)
Financing activities			
Increase in amount due to a fellow subsidiary		**6**	93
Interest payments of lease liabilities to affiliates	17	**(2)**	(5)
Principal repayments of lease liabilities to affiliates	17	**(71)**	(73)
Interest payments of lease liabilities to third parties	17	**(7)**	(9)
Principal repayments of lease liabilities to third parties	17	**(48)**	(49)
Bank loan interest expenses paid		**(4)**	(3)
Net cash used in financing activities		**(126)**	(46)
Net decrease in cash and cash equivalents		**(32)**	(8)
Cash and cash equivalents at 1 January	15	**138**	124
Cash and cash equivalents at 30 June	15	**106**	116

The notes on pages 18 to 34 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation

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

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issuance on 20 August 2026.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 December 2025 ("the 2025 financial statements"), except for the accounting policy changes that are expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2026. Details of the changes in accounting policies are set out in note 2.

These condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for the preparation of a full set of financial statements in accordance with the HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations as issued by the HKICPA.

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

At 30 June 2026, the Group was in a net current liabilities position of HK$191 million (31 December 2025: HK$257 million). This was partly due to the recognition of the current portion of lease liabilities of HK$126 million (31 December 2025: HK$201 million) under HKFRS 16, *Leases* at 30 June 2026. 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 advance from a fellow subsidiary which is unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and has 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.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation (continued)

These condensed interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers ("PwC") in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the HKICPA. PwC's independent review report to the board of directors of the Company ("Directors") is included on page 12. In addition, these condensed interim financial statements have been reviewed by the Company's Audit Committee.

The financial information relating to the year ended 31 December 2025 as comparative information that is included in the condensed interim financial statements for the six months ended 30 June 2026 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 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*

The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that certain specific criteria are met.

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features. The amendments also clarify the difference between financial assets with non-recourse features and contractually-linked instruments which may then change the applicable assessments.

Notes to the Unaudited Condensed Interim Financial Statements

2 Changes in accounting policies (continued)

- The amendments introduce new disclosures for disposals of investments in equity instruments designated as financial assets at fair value through other comprehensive income, and for financial instruments not measured as financial assets at fair value through profit or loss which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

Upon the adoption of the amendments, the Group has elected to apply the exception for the derecognition of certain trade payables settled in cash using qualifying electronic payment system. Under the exception, these trade payables are derecognised when the Group has initiated a payment instruction through a qualifying electronic payment system and, as a result, the Group no longer has the practical ability to withdraw, stop or cancel the payment instruction and to access such cash to be used for settlement and the settlement risk associated with the payment system is insignificant. The Group has applied this election consistently to all settlements made through the same qualifying electronic payment system.

The Group has applied the amendments retrospectively. As permitted by transition requirements, the Group has not restated the reported figures of the prior periods. The application of the amendments and the abovementioned exception do not have a material impact on the Group's condensed interim financial statements for the periods presented.

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

3 Accounting estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2025 financial statements, except that for the six months ended 30 June 2026, depreciation of leasehold improvements is calculated on a straight-line basis over the unexpired term of the lease or the expected useful life of 5 years to 8 years, whichever is shorter. Such accounting treatment has been adopted with effect from 1 January 2026 after the Directors' review that the useful life of the Group's certain leasehold improvements should be extended from 5 years to 8 years, for the reason that the Directors have considered the current conditions of the Group's leasehold improvements and concluded that the assets will be usable for the remainder of the lease term or the expected useful life of 5 years to 8 years without the need for further renovations or replacements.

The above accounting treatment constitutes a change in accounting estimate for the Group. For the six months ended 30 June 2026, the financial impact is a decrease in the Group's loss after taxation of HK$3 million, due to a decrease in the Group's depreciation charge of HK$4 million for the period.

Notes to the Unaudited Condensed Interim Financial Statements

4 Revenue

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

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Sales of goods	**540**	564
Commission income from consignment counters	**112**	124
Commission income from concessionaire counters	**42**	48
Promotion income	**2**	2
Administration fee income	**2**	2
	698	740

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	
	2026	2025
	HK$ million	HK$ million
Receipts from sales of goods by consignment counters	**411**	443
Receipts from sales of goods by concessionaire counters	**149**	166
	560	609

5 Other revenue

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Sponsorship fees	**2**	2
Rental income for antenna sites	**1**	1
Sundry income	**2**	2
	5	5

Notes to the Unaudited Condensed Interim Financial Statements

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

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Dividend income	**2**	2
Net fair value gain on investment in listed securities as financial assets at FVPL	**–**	2
	2	4

7 Loss before taxation

Loss before taxation is arrived at after charging:

		For the six months ended 30 June	
		2026	2025
		HK$ million	HK$ million
(a) Staff costs:			
Salaries, wages and other benefits		**109**	118
Contributions to defined contribution retirement plans		**5**	5
(b) Other items:			
Amortisation of trademarks		**1**	1
Depreciation			
– on fixed assets		**20**	21
– on right-of-use assets (note)	(note 12)	**113**	118
Finance costs on lease liabilities (note)	(note 17)	**9**	14
Bank loan interest expenses		**4**	3
Expenses relating to short-term leases (note)		**–**	1
Other charges in respect of rental premises (note)		**20**	46
Cost of inventories sold		**392**	409

Note: For the purpose of comparison between the two financial periods of six months ended 30 June 2026 and 30 June 2025, the depreciation charge on right-of-use assets of HK$113 million (2025: HK$118 million), the finance cost on lease liabilities of HK$9 million (2025: HK$14 million) and the rental and related expenses of HK$20 million (2025: HK$47 million) are aggregated which amounted to HK$142 million for the six months ended 30 June 2026 (2025: HK$179 million). The year-on-year decrease of HK$37 million is mainly attributable to the reductions in rental and related service charges which had been granted by the landlords of the Group's certain store premises, which resulted in savings by the Group (as lessee) of rental and related expenditures on such store premises in the aggregate amount of HK$49 million for the period (2025: HK$19 million).

Notes to the Unaudited Condensed Interim Financial Statements

8 Income tax credit

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Current tax expense – Hong Kong		
– provision for the period	**–**	–
Deferred taxation credit		
– origination and reversal of temporary differences	**4**	9
	4	9

Provision for Hong Kong Profits Tax has been made at 16.5% (2025: 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$22 million (2025: HK$41 million) and 3,047,327,395 (2025: 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 (2025: Nil).

The Directors have resolved not to declare any final dividend payable to equity shareholders of the Company for the year ended 31 December 2025 (Year ended 31 December 2024: Nil).

11 Segment reporting

No segmental information for the six months ended 30 June 2026 and 30 June 2025 is presented as the Group's revenue and trading results for those periods were generated solely from its department stores and supermarket-cum-stores operations in Hong Kong, the revenue of which amounted to HK$698 million for the six months ended 30 June 2026 (2025: HK$740 million) and the pre-tax loss from operation (after deducting the finance costs on lease liabilities and bank loan interest expenses) of which amounted to HK$25 million for the six months ended 30 June 2026 (2025: HK$51 million).

Geographical information

Since all of the Group's revenue was generated in Hong Kong during the six months ended 30 June 2026 and 30 June 2025, and all of the Group's fixed assets, right-of-use assets, trademarks and goodwill at 30 June 2026 and 31 December 2025 were located in Hong Kong, no geographical information on the aforementioned items is presented in accordance with HKFRS 8, *Operating segments*.

Notes to the Unaudited Condensed Interim Financial Statements

12 Right-of-use assets

	HK$ million
Cost:	
At 1 January 2025	1,420
Addition for the year (note 17)	57
Change in basic rent due to modification of certain lease terms (note 17)	(40)
Write back on expiry of leases	(135)
At 31 December 2025 – *audited*	1,302
Accumulated depreciation:	
At 1 January 2025	(792)
Charge for the year	(230)
Write back on expiry of leases	135
At 31 December 2025 – *audited*	(887)
Net book value:	
At 31 December 2025 – *audited*	415
Cost:	
At 1 January 2026	**1,302**
Change in basic rent due to modification of certain lease terms (note 17)	**(1)**
Write back on expiry of leases	**(3)**
At 30 June 2026 – *unaudited*	**1,298**
Accumulated depreciation:	
At 1 January 2026	**(887)**
Charge for the period (note 7(b))	**(113)**
Write back on expiry of leases	**3**
At 30 June 2026 – *unaudited*	**(997)**
Net book value:	
At 30 June 2026 – *unaudited*	**301**

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 under HKFRS 16.

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

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

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill

	At 30 June 2026 (unaudited) HK$ million	At 31 December 2025 (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 2026) for the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 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 (see note 21(iii)), and the following assumptions:

(i) an average increase of 2.3% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031;

(ii) an average increase of 0.1 percentage point in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031; 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 2031 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill (continued)

(a) Citistore Goodwill (continued)

The abovementioned forecast changes in the receipts from gross sales in each of the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 are based on the expectations of the Group's management of their plans and market development at 30 June 2026.

Pre-tax discount rate of 11.27% and post-tax discount rate of 11.15% (31 December 2025: pre-tax discount rate of 10.93% and post-tax discount rate of 10.82%), which represent the Group's current market assessment of the risks specific to the cash-generating units under Citistore, are 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 2026.

At 30 June 2026, 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 2026) 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031, 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031, the Directors have assessed that there would be a potential implication for impairment on the Citistore Goodwill in an estimated amount of HK$92 million, HK$96 million and HK$178 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 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.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill (continued)

(b) Unicorn Goodwill (continued)

Impairment assessment is carried out by determining the value-in-use of the cash-generating 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 2026) for the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 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 (see note 21(iii)), and the following assumptions:

(i) an average increase of 3.4% in the forecast receipts from gross sales for each of the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031;

(ii) an average increase of 0.5 percentage point in the gross profit margin for each of the five future periods of twelve months ending on 30 June 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031; 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 2031 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 are based on the expectations of the Group's management of their plans and market development at 30 June 2026.

Pre-tax discount rate of 11.27% and post-tax discount rate of 11.15% (31 December 2025: pre-tax discount rate of 10.93% and post-tax discount rate of 10.82%), which represent the Group's current market assessment of the risks specific to the cash-generating units under Unicorn, are 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 2026.

Notes to the Unaudited Condensed Interim Financial Statements

13 Goodwill (continued)

(b) Unicorn Goodwill (continued)

At 30 June 2026, 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 2026) 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031, 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031, the Directors have assessed that there would be a potential implication for impairment on the Unicorn Goodwill in an estimated amount of HK$21 million, HK$86 million and HK$178 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 2027, 30 June 2028, 30 June 2029, 30 June 2030 and 30 June 2031 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 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Trade debtors	**11**	17
Deposits, prepayments and other receivables	**24**	24
	35	41

At 30 June 2026, 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$4 million (31 December 2025: HK$4 million) which were expected to be recovered after more than one year from the end of the reporting period.

Notes to the Unaudited Condensed Interim Financial Statements

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 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Current or under 1 month overdue	**11**	17

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) occurs 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 2026 and 31 December 2025 as minimal.

Notes to the Unaudited Condensed Interim Financial Statements

15 Cash and bank balances

	At 30 June 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Cash at bank and in hand	**106**	138
Cash and bank balances in the consolidated statement of financial position and cash and cash equivalents in the condensed consolidated cash flow statement	**106**	138

16 Trade and other payables

	At 30 June 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Trade creditors	**224**	250
Contract liabilities (note)	**6**	6
Accrued expenses and other payables	**62**	69
Deposits received	**9**	9
	301	334

Note: During the six months ended 30 June 2026, HK$2 million (Year ended 31 December 2025: HK$5 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 2026 and 31 December 2025 were expected to be recognised within one year.

At 30 June 2026, all of the trade and other payables were interest-free and repayable within one year or on demand except for an amount of HK$1 million (31 December 2025: HK$2 million) which was expected to be settled after more than one year from the end of the reporting period.

Notes to the Unaudited Condensed Interim Financial Statements

16 Trade and other payables (continued)

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

	At 30 June 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Due within 1 month or on demand	**194**	218
Due after 1 month but within 3 months	**30**	32
	224	250

17 Lease liabilities

	HK$ million
At 1 January 2025	666
Addition for the year (note 12)	57
Change in basic rent due to modification of certain lease terms (note 12)	(40)
Lease payments made during the year	(262)
Reclassification of rental deposits paid from trade and other receivables	(3)
Finance costs on lease liabilities for the year	26
At 31 December 2025 – *audited*	444
At 1 January 2026	**444**
Change in basic rent due to modification of certain lease terms (note 12)	**(1)**
Lease payments made during the period	**(128)**
Finance costs on lease liabilities for the period (note 7(b))	**9**
At 30 June 2026 – *unaudited*	**324**

Notes to the Unaudited Condensed Interim Financial Statements

17 Lease liabilities (continued)

	At 30 June 2026 (unaudited) HK$ million	At 31 December 2025 (audited) HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**126**	201
Amounts classified under non-current liabilities		
– contractual maturity after 1 year and within 2 years	**88**	89
– contractual maturity after 2 years and within 5 years	**110**	154
	198	243
Total carrying amount of lease liabilities	**324**	444

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 corresponding year ended 31 December 2025, the modification of certain lease terms and after deducting the lease payments made for such Remaining Leases during the six months ended 30 June 2026 and the corresponding year ended 31 December 2025, and taking into account the reclassification adjustment for the corresponding year ended 31 December 2025. 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 2026 is an amount of HK$36 million (31 December 2025: HK$107 million) relating to the lease liabilities payable to affiliates.

18 Amount due to a fellow subsidiary

At 30 June 2026 and 31 December 2025, 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.

Notes to the Unaudited Condensed Interim Financial Statements

19 Capital commitments

At 30 June 2026, the Group had capital commitments in relation to fixed assets contracted but not provided for in these condensed interim financial statements in the amount of HK$2 million (31 December 2025: HK$5 million).

20 Contingent liabilities

At 30 June 2026 and 31 December 2025, the Group did not have any contingent liabilities.

21 Material related party transactions

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

Transactions with fellow subsidiaries (note (i))

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

	For the six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Rental paid and payable (note (ii))	**77**	101
Cleaning expenses	**3**	4
Sales of goods and gift certificates	**1**	1
Sales of goods settled by H•COINS (note (iii))	**7**	6
Net amount payable in respect of joint promotion agreement (note (iii))	**1**	–

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

Note (ii): Included management fees, air-conditioning charges and rates in the aggregate amount of HK$4 million for the six months ended 30 June 2026 (2025: HK$22 million).

Note (iii): During the year ended 31 December 2024, the Group entered into a joint promotion agreement with a fellow subsidiary, being a wholly-owned subsidiary of its parent company – Henderson Land Development Company Limited for the integration of their respective membership loyalty programmes, CU APP and H•COINS, by the end of 2024. The integration has increased the member base and created a stronger incentive for members, who are able to earn and redeem points across both programmes and gain access to a wider range of benefits and rewards, to shop in and patronise the Group's stores. In the long run, such integration is expected to enhance point redemption, boost sales and shopper traffic for the Group's stores.

Notes to the Unaudited Condensed Interim Financial Statements

21 Material related party transactions (continued)

Transactions with fellow subsidiaries (note (i)) (continued)

Furthermore, at 30 June 2026, a banking facility has been granted to a direct wholly-owned subsidiary of the Company and a fellow subsidiary of the Group in an aggregate amount of up to HK$650 million, the maximum sub-limit of which available to the Group amounted to HK$250 million. This facility is guaranteed by an intermediate holding company of the Company in favour of the lending bank. The existing facility, which will be expired in April 2027, has been renewed in June 2026. The renewed facility will be effective upon the expiry of the existing facility and the maximum sub-limit of which available to the Group has been increased to HK$350 million.

At 30 June 2026, under a banking facility granted to an intermediate holding company of the Company, a bank had issued a letter of guarantee to a landlord in lieu of rental deposit in the amount of HK$2 million (31 December 2025: HK$2 million) in connection with a store operated by an indirect wholly-owned subsidiary of the Company.

22 Non-adjusting event after the reporting period

Subsequent to the end of the reporting period, the Directors have resolved not to declare any interim dividend payable to equity shareholders of the Company attributable to the six months ended 30 June 2026 (2025: Nil), further details of which are disclosed in note 10.

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2026 have been reviewed by the auditor of the Company, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on page 12.

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 (including sale of treasury shares, if any).

Audit Committee

The Audit Committee met in August 2026 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2026.

Corporate Governance

During the six months ended 30 June 2026, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company to let Dr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Dr Lee's in-depth expertise and knowledge in business and the Group. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

Model Code for Securities Transactions by Directors

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

Forward-Looking Statements

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

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors of the Company since the date of the Annual Report 2025 and up to the date of this report required to be disclosed are shown as follows:

(a) Mr Wu King Cheong was appointed as the chairman of the Corporate Governance Committee of the Company on 7 July 2026.

(b) Ms Helen Zee was appointed as a member of the Audit Committee and the Corporate Governance Committee of the Company with effect from the conclusion of the Company's annual general meeting held on 2 June 2026. She was subsequently appointed as the chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 7 July 2026.

On behalf of the Board

Dr Lee Ka Shing
Chairman

Hong Kong, 20 August 2026

As at the date of this report, 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: Ko Ping Keung, Wu King Cheong and Helen Zee.

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2026, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Investment Limited	Lee Ka Kit	1				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	1				2,110,868,943	2,110,868,943	69.27
	Li Ning	1		2,110,868,943			2,110,868,943	69.27
Henderson Land Development Company Limited	Lee Ka Kit	2				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	2				3,509,782,778	3,509,782,778	72.50
	Li Ning	2		3,525,331,445			3,525,331,445	72.82
Miramar Hotel and Investment Company, Limited	Lee Ka Kit	3				345,999,980	345,999,980	50.08
	Lee Ka Shing	3				345,999,980	345,999,980	50.08
	Li Ning	3		345,999,980			345,999,980	50.08

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Ka Kit	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	4		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	4		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	5		50,000,000 (Non-voting Deferred Shares)			50,000,000 (Non-voting Deferred Shares)	100.00

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

Substantial Shareholders' and Others' Interests

As at 30 June 2026, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

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

Notes:

1. Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by Henderson Land Development Company Limited ("HL") which in turn was approximately 72.44% held by Henderson Development Limited ("HD"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. As at 30 June 2026, 50% of shares in each of Rimmer, Riddick and Hopkins were directly or indirectly owned by each of Dr Lee Ka Kit and Dr Lee Ka Shing. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) held units in the Unit Trust of which Hopkins is the trustee as described above, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr Lee Ka Kit, Dr Lee Ka Shing and Mr Li Ning's spouse remains to be one of the discretionary beneficiaries of such discretionary trusts. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, who also have an interest in the shares of each of Rimmer, Riddick and Hopkins, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO.

2. Of these shares, (i) 1,450,788,868 shares were owned by HD; (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD as set out in Note 1 and Fu Sang. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, who also have an interest in the shares of each of Rimmer, Riddick and Hopkins as described in Note 1, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO. Mr Li Ning's spouse as one of the executors of the Hong Kong estate of the late Dr Lee Shau Kee is also deemed to be interested in 15,548,667 shares of HL, which represent the total number of shares held by the executors and not any individual beneficiary's portion in or entitlement to such shares.

3. Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by HL. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, who also have an interest in the shares of each of Rimmer, Riddick and Hopkins as described in Note 1, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in HL as set out in Note 2 and these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in HL as set out in Note 2 and these shares by virtue of the SFO.

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

5. Of these shares, (i) 15,000,000 shares were held by Fu Sang; and (ii) Mr Li Ning's spouse as one of the executors of the Hong Kong estate of the late Dr Lee Shau Kee is deemed to be interested in 35,000,000 shares, which represent the total number of shares held by the executors and not any individual beneficiary's portion in or entitlement to such shares.

Share Schemes

The Company and its subsidiaries have no share schemes.

Arrangements to Purchase Shares or Debentures

At no time during the six months ended 30 June 2026 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HENDERSON INVESTMENT LIMITED
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