恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED

Stock Code 股份代號：97

2015
Interim Report
中期報告

Contents

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請翻至第39頁閱覽二零一五年度中期報告之中文版。

Interim Results and Dividend

The Board of Directors announces that for the six months ended 30 June 2015, the Group recorded an unaudited profit attributable to equity shareholders of HK$410 million, as compared with a loss attributable to equity shareholders of HK$9 million for the corresponding period last year. It is mainly due to a one-off income of approximately HK$355 million arising from the final arbitral award in relation to the toll fee collection right of Hangzhou Qianjiang Third Bridge, as well as the post-tax profit contribution of approximately HK$56 million from Citistore during the period under review. Earnings per share were HK 13.4 cents (2014: Loss per share was HK 0.3 cents).

The Board has resolved to pay an interim dividend of HK 2.0 cents per share (2014: HK 2.0 cents per share) to shareholders whose names appear on the Register of Members of the Company on Tuesday, 8 September 2015 and such interim dividend will not be subject to any withholding tax in Hong Kong.

Closure of Register of Members

The Register of Members of the Company will be closed on Monday, 7 September 2015 and Tuesday, 8 September 2015, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 September 2015. Interim dividend will be distributed to shareholders on Wednesday, 16 September 2015.

Management Discussion and Analysis

Business Review

Discontinued Operation – Infrastructure Business

Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company"), a 60% owned subsidiary of the Company, was engaged in the infrastructure business in mainland China with Hangzhou Qianjiang Third Bridge in Zhejiang Province as its core asset. Hangzhou Qianjiang Third Bridge, a major trunk route linking Beijing and Fujian Province, is located on National Highway No. 104 in Zhejiang Province, spanning approximately 5.8 km over the Qiantangjiang River in Hangzhou and connecting the urban parts of Southern Hangzhou, Xiaoshan and Binjiang. The toll bridge is also an important nodal point for access to major roads leading to the Hangzhou Airport.

Commencing from 20 March 2012, payment of the toll fee in respect of Hangzhou Qianjiang Third Bridge to the Joint Venture Company was provisionally suspended. An arbitration application (the "Arbitration") was thus filed on 17 September 2012 with China International Economic and Trade Arbitration Commission ("CIETAC") against 杭州市市區公共停車場(庫)建設發展中心 (Hangzhou City Urban Public Carpark Construction & Development Centre, formerly known as 杭州市城市"四自"工程道路綜合收費管理處 or Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office, alias the "Hangzhou Toll Office") as the first respondent and Hangzhou Municipal People's Government ("Hangzhou Municipal Government") as the second respondent for an arbitral award that, *inter alia*, the first respondent and the second respondent should continue to perform their obligations under the agreement dated 5 February 2004 entered into between the Joint Venture Company and the Hangzhou Toll Office (the "Collection Agreement") by paying toll fees of Hangzhou Qianjiang Third Bridge to the Joint Venture Company and be liable for the relevant outstanding toll fees together with the legal and arbitration costs incurred.

With the arrangement made by CIETAC, a mediation meeting was held in Hangzhou at the end of March 2015. Nation Team Development Limited ("Nation Team", a wholly-owned subsidiary of the Company) and 杭州錢江三橋綜合經營公司 ("PRC JV Partner"), with respective 60% and 40% interests in the Joint Venture Company, had joined as additional parties acting as the second applicant and the third respondent to the Arbitration respectively. On 30 April 2015, the arbitral tribunal of CIETAC issued the final arbitral award, which had legal binding effect on all parties to the Arbitration and contains, among others, the following principal items:

(i) Hangzhou Municipal Government shall pay to Nation Team an amount of RMB376 million ("Compensation Payment") within 90 days following the issue of the arbitral award. All tax payable in respect of the above payment ("PRC Tax") in mainland China shall be borne and paid by Hangzhou Municipal Government, which shall arrange for the PRC Tax clearance formality.

(ii) Upon the receipt by Nation Team of the Compensation Payment, the Collection Agreement and the agreement (中外合資經營杭州恒基錢江三橋有限公司合同) dated 8 January 1997 made between, amongst other, Nation Team and PRC JV Partner ("Joint Venture Contract") shall be discharged.

(iii) Within five days from the receipt of the Compensation Payment, Nation Team shall pay to the Joint Venture Company RMB2.2 million representing the legal expenses incurred by the Joint Venture Company (subject to adjustment as to the final sum incurred by the Joint Venture Company).

(iv) Nation Team and Hangzhou Municipal Government shall bear in equal shares the Arbitration fees of approximately RMB2.5 million, and certain other mediation expenses of the arbitral tribunal amounting to approximately RMB25,000. Each of Nation Team and Hangzhou Municipal Government shall be responsible for the fees and expenses of the relevant arbitrator respectively.

As a result of the above arbitral award, the Group recognised a profit in the amount of HK$215 million (2014: loss of HK$26 million), which is equal to the Compensation Payment of RMB376 million as converted to Hong Kong dollars (net of the Group's share of expenses relating to the Arbitration) of HK$471 million and after (i) deducting the Group's impairment loss on toll bridge operating right and related net assets of the Joint Venture Company of HK$379 million (the "Joint Venture Company Impairment"); (ii) recognising the reversal of the exchange reserve attributable to the Joint Venture Company of HK$138 million; and (iii) deducting the operating loss of the infrastructure business in the aggregate amount of HK$15 million during the period from 1 January 2015 to 30 April 2015. Adding back the Group's non-controlling interests' attributable share of the Joint Venture Company Impairment and operating loss in the aggregate amount of HK$140 million, a one-off income attributable to equity shareholders of the Company amounted to HK$355 million.

As the entire Compensation Payment was duly settled by Hangzhou Municipal Government on 29 July 2015, the Collection Agreement and the Joint Venture Contract were discharged and Nation Team has no further obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or Hangzhou Qianjiang Third Bridge, and is no longer entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company.

Continuing Operation – Retailing Business

The retailing operation has become the sole business of the Group. Currently, it operates six department stores under the name "Citistore" and a specialty store under the name "id:c" in Hong Kong.

All six "Citistore" department stores are located in densely-populated residential districts (namely, Tsuen Wan, Yuen Long, Ma On Shan, Tseung Kwan O, Tai Kok Tsui and Tuen Mun) with easy accessibility by public transport and they aim to provide customers with a "one-stop" shopping convenience through a vast selection of merchandise ranging from apparel and cosmetics, to foods, confectionary, luggage, furniture, toys, appliances, kitchenware and other housewares at reasonable and competitive prices. The "id:c" specialty store offers a collection of apparel brands from Japan and Korea. With its strategic location in Tsim Sha Tsui, a key shopping area, the store is well positioned to target local shoppers and tourists.

By serving the daily household needs of the targeted consumers, such retailing operation under "Citistore" recorded revenue and profit after tax for the six months ended 30 June 2015 as follows:

	For the six months ended 30 June 2015		For the six months ended 30 June 2014 (Note)	
	Revenue HK$ million	**Profit after tax HK$ million**	Revenue HK$ million	Profit after tax HK$ million
Sale of goods	**226**	**14**	208	13
Rental income from consignment and concessionaire counters, and promotion income	**223**	**42**	211	49
Total:	**449**	**56**	419	62

Note: The comparative figures for the corresponding six months ended 30 June 2014 were for reference only as the acquisition of "Citistore" was completed on 1 December 2014.

Corporate Finance

At 30 June 2015, the Group had no bank borrowings (31 December 2014: Nil) and its net cash and bank balances amounted to HK$346 million (31 December 2014: HK$402 million).

After the end of the period under review, the above-mentioned Compensation Payment was duly settled in full by the Hangzhou Municipal Government on 29 July 2015. Thus, the Group's net cash and bank balances increased by HK$471 million after deducting its share of expenses relating to the Arbitration.

Prospects

As the issue of toll fee collection right of Hangzhou Qianjiang Third Bridge has been fully settled, the Group is able to focus on the retail business in Hong Kong.

Given the recent slack tourist spending and local consumption, as well as the swelling operating costs and intensifying competition, Hong Kong's retail environment is expected to be challenging in the second half of this year. In order to uplift its business performance of "Citistore", the Group will launch various marketing activities and exercise stringent cost controls.

Appreciation

Dr Lee Shau Kee stepped down from the positions of Chairman and Managing Director on 1 July 2015 and remains as an Executive Director of the Company. Dr Lee served as Chairman and Managing Director for about 40 years and the Board would like to express its sincere gratitude to him for his leadership, devotion and invaluable contribution to the Group in these positions.

Mr Lee Ka Shing, formerly the Vice Chairman, was re-designated as the Chairman and Managing Director of the Company on 1 July 2015. In addition, Mr Au Siu Kee, Alexander was also appointed on 1 July 2015 as Independent Non-executive Director of the Company. The Board warmly welcomes them to their new roles in the Company.

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss – unaudited

	Note	For the six months ended 30 June 2015 HK$ million	2014 (restated) HK$ million
Continuing operation:			
Revenue	5	**449**	–
Direct costs		**(345)**	–
		104	–
Other revenue	6	**6**	–
Other income, net	7	**2**	10
Selling and marketing expenses		**(13)**	–
Administrative expenses		**(33)**	(2)
Profit before taxation	8	**66**	8
Income tax	9	**(11)**	–
Profit for the period from continuing operation		**55**	8
Discontinued operation:			
Profit/(loss) for the period from discontinued operation	10	**215**	(26)
Profit/(loss) for the period		**270**	(18)
Attributable to:			
Equity shareholders of the Company			
– Continuing operation	11(a)	**55**	8
– Discontinued operation	11(b)	**355**	(17)
		410	(9)
Non-controlling interests			
– Continuing operation		**–**	–
– Discontinued operation		**(140)**	(9)
		(140)	(9)
Profit/(loss) for the period		**270**	(18)
		HK cents	HK cents
Earnings/(loss) per share – basic and diluted	11		
– From continuing operation		**1.8**	0.3
– From discontinued operation		**11.6**	(0.6)
		13.4	(0.3)

Details of dividends payable to equity shareholders of the Company are set out in note 12.

The notes on pages 11 to 25 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 2015 HK$ million	2014 HK$ million
Profit/(loss) for the period	**270**	(18)
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	–	(5)
– Reversal of the exchange reserve attributable to the Joint Venture Company (see note 10) from equity to profit or loss	**(138)**	–
Total comprehensive income for the period	**132**	(23)
Attributable to:		
Equity shareholders of the Company	**272**	(12)
Non-controlling interests	**(140)**	(11)
Total comprehensive income for the period	**132**	(23)
Total comprehensive income for the period arising from:		
– Continuing operation	**55**	7
– Discontinued operation	**77**	(30)
	132	(23)

The notes on pages 11 to 25 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	Note	**At 30 June 2015 (unaudited) HK$ million**	At 31 December 2014 (audited) HK$ million
Non-current assets			
Fixed assets		**59**	71
Intangible operating right	4	**–**	361
Trademarks		**50**	51
Goodwill		**810**	810
Deferred tax asset		**2**	1
		921	1,294
Current assets			
Inventories		**59**	55
Trade and other receivables	14	**540**	67
Cash and cash equivalents	15	**346**	402
		945	524
Current liabilities			
Trade and other payables	16	**251**	296
Amounts due to affiliates		**30**	12
Current taxation		**13**	8
		294	316
Net current assets		**651**	208
Total assets less current liabilities		**1,572**	1,502
Non-current liability			
Deferred tax liabilities		**15**	16
NET ASSETS		**1,557**	1,486
CAPITAL AND RESERVES	17		
Share capital		**612**	612
Reserves		**902**	691
Total equity attributable to equity shareholders of the Company		**1,514**	1,303
Non-controlling interests		**43**	183
TOTAL EQUITY		**1,557**	1,486

The notes on pages 11 to 25 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						
	Note	Share capital HK$ million	Capital reserve HK$ million	Exchange reserve HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2014		609	13	168	643	1,433	203	1,636
Changes in equity for the six months ended 30 June 2014:								
Loss for the period		–	–	–	(9)	(9)	(9)	(18)
Other comprehensive income for the period		–	–	(3)	–	(3)	(2)	(5)
Total comprehensive income for the period		–	–	(3)	(9)	(12)	(11)	(23)
Dividend approved and paid in respect of the previous financial year	12(b)	–	–	–	(61)	(61)	–	(61)
Transition to the no-par value regime on 3 March 2014	17	3	(3)	–	–	–	–	–
Balance at 30 June 2014		612	10	165	573	1,360	192	1,552
Balance at 1 January 2015		**612**	**10**	**167**	**514**	**1,303**	**183**	**1,486**
Changes in equity for the six months ended 30 June 2015:								
Profit for the period		**–**	**–**	**–**	**410**	**410**	**(140)**	**270**
Other comprehensive income for the period		**–**	**–**	**(138)**	**–**	**(138)**	**–**	**(138)**
Total comprehensive income for the period		**–**	**–**	**(138)**	**410**	**272**	**(140)**	**132**
Dividend approved and paid in respect of the previous financial year	12(b)	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Balance at 30 June 2015		**612**	**10**	**29**	**863**	**1,514**	**43**	**1,557**

The notes on pages 11 to 25 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 2015 HK$ million	2014 (restated) HK$ million
Net cash generated from operating activities			
Profit/(loss) before taxation			
From continuing operation		**66**	8
From discontinued operation	10	**215**	(26)
		281	(18)
Interest income		**(2)**	(15)
Depreciation		**13**	–
Amortisation of trademarks		**1**	–
Net foreign exchange loss		**–**	5
Increase in inventories		**(3)**	–
Decrease in non-current receivable and trade and other receivables		**2**	28
Decrease in trade and other payables		**(49)**	(1)
Increase in amounts due to affiliates		**17**	–
Tax paid			
– Hong Kong		**(7)**	–
– outside Hong Kong		**(1)**	(3)
From discontinued operation			
– Net proceeds from the Compensation Payment (as defined in note 4)	10	**(471)**	–
– Impairment loss on toll bridge operating right and related net assets of the Joint Venture Company (as defined in note 4) excluding cash and cash equivalents		**347**	–
– Reversal of the exchange reserve attributable to the Joint Venture Company	10	**(138)**	–
– Amortisation of intangible operating right		**10**	16
– Interest income		**–**	(1)
– Increase in trade and other payables		**5**	–
		5	11
Net cash used in investing activities			
Interest received		**2**	18
Increase in long-term bank deposits		**–**	(676)
Additions to fixed assets		**(2)**	–
Interest received from discontinued operation		**–**	1
		–	(657)
Net cash used in financing activity			
Dividend paid to shareholders		**(61)**	(61)
		(61)	(61)
Net decrease in cash and cash equivalents		**(56)**	(707)
Cash and cash equivalents at 1 January	15	**402**	1,185
Effect of foreign exchange rate changes		**–**	(6)
Cash and cash equivalents at 30 June	15	**346**	472

The notes on pages 11 to 25 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 Henderson Investment Limited ("the Company") and its subsidiaries (collectively referred to as "the Group").

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issuance on 20 August 2015.

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 2014 ("the 2014 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 2015. Details of these changes in accounting policies are set out in note 2.

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 policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The 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 2014 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for the preparation of a full set of financial statements in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The condensed interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers ("PwC") in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the HKICPA. PwC's independent review report to the Board of Directors is included on page 38. 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 2014 that is included in the condensed interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

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

- Annual improvements to HKFRSs 2010-2012 Cycle

- Annual improvements to HKFRSs 2011-2013 Cycle

Notes to the Unaudited Condensed Interim Financial Statements

2 Changes in accounting policies (continued)

None of these developments have had a material effect on the preparation or presentation of the Group's results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Accounting estimates and judgements

The preparation of 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 expense. 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 consolidated financial statements for the year ended 31 December 2014, except that the arbitration relating to the toll fee collection right period of Hangzhou Qianjiang Third Bridge (the "Bridge") has been awarded as detailed in Note 4 to the condensed interim financial statements.

4 Intangible operating right

The Group was granted the operating right of the Bridge by the Hangzhou Foreign Economic Relations and Trade Commission (杭州市對外經濟貿易委員會) in 1997 and was further approved by National Development and Reform Commission (formerly known as State Development & Planning Committee) (發展和改革委員會(前稱為國家發展計劃委員會)) in 1999 for a period of 30 years from 20 March 1997 (commencement date of the Bridge's operation) to 19 March 2027 during which the Group has the rights of management and maintenance of the Bridge. However, the General Office of the People's Government of Zhejiang Province (浙江省人民政府) notified Zhejiang Province Department of Communications (浙江省交通運輸廳) and other relevant government authorities in 2003 to provisionally fix the period for entitlement to toll fee in respect of 39 toll roads and highways in the province. In the case of the Bridge, which was also included in the list, the period was provisionally fixed at 15 years (from 20 March 1997 to 19 March 2012).

Furthermore, on 20 March 2012, the Group received a letter dated 18 March 2012 from 杭州市市區公共停車場(庫)建設發展中心 (Hangzhou City Urban Public Carpark Construction & Development Centre, formerly known as 杭州市城市"四自"工程道路綜合收費管理處 or Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office) (the "Hangzhou Toll Office"), which is the relevant government body in Hangzhou to record the traffic flow and make payment of the toll fee of the Bridge pursuant to the terms of an agreement dated 5 February 2004 (the "Collection Agreement") entered into between Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company", a subsidiary of the Company which holds the operating right of the Bridge) and the Hangzhou Toll Office, that they would provisionally suspend payment of toll fee to the Group in respect of the Bridge commencing from 20 March 2012. The Group had on 6 June 2012 received a letter from Hangzhou Municipal Bureau of Communications (杭州市交通運輸局) which stated that Hangzhou Municipal Bureau of Communications had been confirmed and assigned by Hangzhou Municipal People's Government (杭州市人民政府) to negotiate concretely with the Joint Venture Company and strive to properly deal with the related matters resulting from the abovementioned provisional suspension of the toll fee payment of the Bridge as soon as possible, and the corresponding compensation matters proposed by the Joint Venture Company would be dealt with in due course.

Notes to the Unaudited Condensed Interim Financial Statements

4 Intangible operating right (continued)

In relation to the provisional suspension in the payment of toll fee by the Hangzhou Toll Office to the Group in respect of the Bridge commencing from 20 March 2012, on 17 September 2012, an arbitration application ("Arbitration") was filed by the Joint Venture Company with China International Economic and Trade Arbitration Commission ("CIETAC", 中國國際經濟貿易仲裁委員會) against the Hangzhou Toll Office as the first respondent and Hangzhou Municipal People's Government as the second respondent for an arbitration award that, inter alia, the first respondent and the second respondent should continue to perform their obligations under the Collection Agreement by paying toll fees of the Bridge to the Joint Venture Company and be liable for the relevant outstanding toll fees together with the legal and arbitration costs incurred.

In view of the uncertainty on the inflow of the toll revenue to the Joint Venture Company, the Company's directors have not recognised in the Group's financial statements the toll revenue (after deduction of mainland China business tax) since 20 March 2012 (being the commencement date for the provisional suspension of the toll fee payment from the Hangzhou Toll Office to the Group). In this regard, on 30 April 2015, the arbitral tribunal of CIETAC made certain final arbitral award having legal binding effect on all parties (including the Company) to the Arbitration, and which results in the Company ceasing to have any obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or the Bridge, and the Company shall not be entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company. Accordingly, the Group has impaired its interest in the Joint Venture Company on 30 April 2015. Therefore, the toll revenue (after deduction of mainland China business tax) which was not recognised in the Group's financial statements during the period from 20 March 2012 to 30 April 2015 amounted to RMB715 million, or equivalent to HK$893 million. Accordingly, at 30 June 2015, the Group did not recognise any toll income receivable from the Bridge collected on behalf of the Group by the Hangzhou Toll Office up to 30 April 2015. For the period from 1 January 2015 to 30 April 2015, the total unrecognised toll revenue (after deduction of mainland China business tax) amounted to HK$85 million (for the six months ended 30 June 2014: HK$126 million).

As referred to above, the final arbitral award made by the arbitral tribunal of CIETAC comprises, inter alia, the following which have legal binding effect on all parties to the Arbitration:

(i) Hangzhou Municipal People's Government shall pay to Nation Team Development Limited ("Nation Team", a wholly-owned subsidiary of the Company holding a 60% interest in the Joint Venture Company) an amount of RMB376 million (equivalent to HK$477 million) (the "Compensation Payment") within 90 days following the issue of the arbitral award.

(ii) Upon the receipt by Nation Team of the Compensation Payment, the Collection Agreement and the 中外合資經營杭州恒基錢江三橋有限公司合同 dated 8 January 1997 made between, amongst others, Nation Team and 杭州錢江三橋綜合經營公司 (which holds the remaining 40% interest in the Joint Venture Company) (the "Joint Venture Contract") shall be discharged.

Notes to the Unaudited Condensed Interim Financial Statements

4 Intangible operating right (continued)

(iii) Upon the discharge of the Joint Venture Contract, Nation Team shall have no obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or the Bridge, and shall not be entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company.

(iv) Nation Team shall be responsible for 50% of the Arbitration fees and certain other mediation expenses of the arbitral tribunal in the aggregate amount of RMB2,554,355 (equivalent to HK$3,238,156), as well as the fees and expenses of the relevant arbitrator in the amount of RMB1,001,118 (equivalent to HK$1,269,117). Nation Team shall, within five days following the receipt of the Compensation Payment, pay to the Joint Venture Company an amount of RMB2,200,000 (equivalent to HK$2,788,940) representing the legal expenses incurred by the Joint Venture Company (subject to adjustment as to the final sum incurred by the Joint Venture Company) in relation to the Arbitration.

As a result, the intangible operating right in relation to the Bridge was fully impaired during the six months ended 30 June 2015 (Note 10).

5 Revenue

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

	For the six months ended 30 June	
	2015	2014 (restated)
	HK$ million	HK$ million
Sale of goods	**226**	–
Rental income from consignment counters	**131**	–
Rental income from concessionaire counters	**88**	–
Promotion income	**4**	–
	449	–

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

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Receipts from sale of goods by consignment counters	**442**	–
Receipts from sale of goods by concessionaire counters	**303**	–
	745	–

Notes to the Unaudited Condensed Interim Financial Statements

6 Other revenue

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Sponsorship fees	**2**	–
Rental for antenna site	**2**	–
Sundry income	**2**	–
	6	–

7 Other income, net

	For the six months ended 30 June	
	2015	2014 (restated)
	HK$ million	HK$ million
Bank interest income	**1**	14
Other interest income	**1**	1
Net foreign exchange loss	**–**	(5)
	2	10

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2015	2014 (restated)
	HK$ million	HK$ million
(a) Staff costs:		
Salaries, wages and other benefits	**85**	1
(b) Other items:		
Amortisation of trademarks	**1**	–
Depreciation	**13**	–
Operating lease charges in respect of rental premises	**117**	–
Cost of inventories sold	**143**	–
Rentals receivable (2014: Nil) less direct outgoings of HK$178 million (2014: Nil)*	**(41)**	–

* Included contingent rental income of HK$97 million (2014: HK$Nil) during the period.

Notes to the Unaudited Condensed Interim Financial Statements

9 Income tax

	For the six months ended 30 June	
	2015	2014 (restated)
	HK$ million	HK$ million
Current tax – Hong Kong		
– provision for the period	**12**	–
Current tax – mainland China		
– provision for the period	**–**	3
Deferred taxation		
– origination and reversal of temporary differences	**(1)**	(3)
	11	–

Provision for Hong Kong Profits Tax has been made at 16.5% on the estimated assessable profit for the period. No provision for Hong Kong Profits Tax had been made for the corresponding period of six months ended 30 June 2014 as there was no assessable profit subject to Hong Kong Profits Tax for that period.

Taxation for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions. In relation to the Group's operations in mainland China, the applicable principal income tax rate for the period was 25% (2014: 25%).

In addition, dividend distribution out of the retained profits of foreign-invested enterprises earned after 1 January 2008 is subject to withholding tax at a tax rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and mainland China, the withholding tax rate applicable to the Group for the current and prior periods is 5%.

Notes to the Unaudited Condensed Interim Financial Statements

10 Discontinued operation

As a result of the final arbitral award made by the arbitral tribunal of CIETAC (see note 4), the operation of the Bridge is considered as discontinued operation on 30 April 2015. Comparative figures have been restated.

The results of the discontinued operation for the six months ended 30 June 2015 and 2014 are as follows:

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Revenue	**–**	–
Direct costs (note (i))	**(13)**	(24)
	(13)	(24)
Other income/(charge), net		
– Net proceeds from the Compensation Payment (note (ii))	**471**	–
– Impairment loss on toll bridge operating right and related net assets of the Joint Venture Company (the "Joint Venture Company Impairment")	**(379)**	–
– Reversal of the exchange reserve attributable to the Joint Venture Company	**138**	–
– Others	**–**	1
Administrative expenses	**(2)**	(3)
Profit/(loss) before taxation	**215**	(26)
Income tax	**–**	–
Profit/(loss) for the period from discontinued operation	**215**	(26)
Attributable to:		
– Equity shareholders of the Company	**355**	(17)
– Non-controlling interests (note (iii))	**(140)**	(9)
	215	(26)

Note (i): Included in direct costs is the amortisation of intangible operating right of HK$10 million (2014: HK$16 million).

Note (ii): The amount represents the proceeds from the Compensation Payment net of the expenses incurred in relation to the Arbitration borne by Nation Team.

Note (iii): The amount of HK$140 million includes the attributable share of loss of the non-controlling interests arising from the Joint Venture Company Impairment, in the amount of HK$135 million.

Notes to the Unaudited Condensed Interim Financial Statements

11 Earnings/(loss) per share – basic and diluted

(a) From continuing operation

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$55 million (2014: HK$8 million) and 3,047,327,395 (2014: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

(b) From discontinued operation

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK$355 million (2014: loss of HK$17 million) and 3,047,327,395 (2014: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

12 Dividends

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

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Interim dividend declared after the end of the reporting period of HK2 cents (2014: HK2 cents) per share	**61**	61

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

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

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved/declared and paid during the period, of HK2 cents (2014: HK2 cents) per share	**61**	61

Notes to the Unaudited Condensed Interim Financial Statements

13 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments.

Continuing operation:
Department store operation : Department store operation and management in Hong Kong

Discontinued operation:
Infrastructure : Investment in infrastructure projects in mainland China

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before bank and other interest income, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses.

Notes to the Unaudited Condensed Interim Financial Statements

13 Segment reporting (continued)

(a) Results of reportable segments

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and performance assessment for the six months ended 30 June 2015 is set out below:

	Company and its subsidiaries (before deducting non-controlling interests)		Less: Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million
For the six months ended 30 June 2015						
Continuing operation:						
Department store operation	449	67	–	–	449	67
Discontinued operation:						
Infrastructure (note 10)	–	215	–	(140)	–	355
	449	282	–	(140)	449	422
Bank and other interest income		2		–		2
Unallocated head office and corporate expenses, net		(3)		–		(3)
Profit before taxation		281		(140)		421
Income tax		(11)		–		(11)
Profit for the period		270		(140)		410

No segmental information for the six months ended 30 June 2014 was presented as the Group's revenue and trading results for that period were generated solely from its discontinued operation (infrastructure business in mainland China), the revenue of which amounted to HK$Nil during that period and the loss from operation of which amounted to HK$26 million during that period.

Notes to the Unaudited Condensed Interim Financial Statements

13 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's fixed assets, intangible operating right, trademarks and goodwill (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of fixed assets, and the location of the operation to which they are allocated in the case of the intangible operating right, trademarks and goodwill.

	Revenue from external customers		**Specified non-current assets**	
	For the six months ended 30 June		**At 30 June**	At 31 December
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(unaudited)**	(audited)
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**449**	–	**919**	931
Mainland China	**–**	–	**–**	362
	449	–	**919**	1,293

(c) Other segment information

	Amortisation and depreciation	
	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Continuing operation:		
Department store operation	**14**	–
Discontinued operation:		
Infrastructure	**10**	16
	24	16

Notes to the Unaudited Condensed Interim Financial Statements

14 Trade and other receivables

	At 30 June 2015 (unaudited) HK$ million	At 31 December 2014 (audited) HK$ million
Trade debtors	**3**	6
Compensation Payment receivable	**477**	–
Consideration receivable	**53**	53
Amount due from related companies	**1**	–
Deposits, prepayments and other receivables	**6**	8
	540	67

At the end of the reporting period, the ageing analysis of trade debtors net of allowance for doubtful debts is as follows:

	At 30 June 2015 (unaudited) HK$ million	At 31 December 2014 (audited) HK$ million
Current or under 1 month overdue	**3**	6
More than 1 month overdue and up to 3 months overdue	**–**	–
More than 3 months overdue and up to 6 months overdue	**–**	–
More than 6 months overdue	**–**	–
	3	6

As referred to in note 4, at 30 June 2015, the Group did not recognise any toll income receivable from the Bridge collected on behalf of the Group by the Hangzhou Toll Office up to 30 April 2015.

Included in the consideration receivable of HK$53 million (31 December 2014: HK$53 million) above was an amount of RMB31 million (equivalent to HK$40 million) (31 December 2014: RMB29 million (equivalent to HK$37 million)), which related to an amount overdue for more than one year but was not impaired. Based on past experience, management considers that no impairment allowance is necessary as there has not been a significant change in credit quality and such amount is considered to be fully recoverable.

In respect of other trade and other receivables, credit terms given to counter-parties are generally based on the financial strength and repayment history of each counter-party. Normally, the Group does not obtain collateral from counter-parties. Ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise exposure to credit risk. Adequate impairment losses have been made for the estimated irrecoverable amounts.

Notes to the Unaudited Condensed Interim Financial Statements

15 Cash and cash equivalents

	At 30 June 2015 (unaudited) HK$ million	At 31 December 2014 (audited) HK$ million
Short-term bank deposits	**240**	291
Cash at banks and in hand	**106**	111
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**346**	402

Included in the cash and cash equivalents at 30 June 2015 were (i) an amount equivalent of HK$7 million (31 December 2014: HK$Nil) relating to bank deposits in Hong Kong denominated in Renminbi, being the currency other than the functional currency of the entities to which they relate; and (ii) a total sum being the equivalent of HK$46 million (31 December 2014: HK$86 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

16 Trade and other payables

	At 30 June 2015 (unaudited) HK$ million	At 31 December 2014 (audited) HK$ million
Trade creditors	**178**	225
Accrued expenses and other payables	**61**	59
Rental deposits	**12**	12
	251	296

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

	At 30 June 2015 (unaudited) HK$ million	At 31 December 2014 (audited) HK$ million
Due within 1 month or on demand	**165**	206
Due after 1 month but within 3 months	**13**	19
	178	225

Notes to the Unaudited Condensed Interim Financial Statements

17 Capital and reserves

Under the Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, an attributable amount of HK$3 million being in the nature of share premium standing to the credit of the capital reserve account on 3 March 2014 has become part of the Company's share capital (see the consolidated statement of changes in equity for the corresponding period of six months ended 30 June 2014), under the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622). These changes did not have an impact on the number of shares in issue or the relative entitlement of any of the members.

18 Capital commitments

At 30 June 2015, the Group had capital commitments in relation to fixed assets contracted but not provided for in these condensed interim financial statements which amounted to HK$27 million (31 December 2014: HK$2 million).

19 Contingent liabilities

At 30 June 2015 and 31 December 2014, the Group did not have any contingent liabilities.

20 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:

(a) 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	
	2015	2014
	HK$ million	HK$ million
Rental expenses payable (note (ii))	**107**	–
Cleaning expenses payable	**3**	–

Notes to the Unaudited Condensed Interim Financial Statements

20 Material related party transactions (continued)

(b) Transactions with related companies (note (i))

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

	For the six months ended 30 June	
	2015	2014
	HK$ million	HK$ million
Rental expenses payable	**8**	–

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): Including management fees, air-conditioning charges and rates of HK$19 million for the six months ended 30 June 2015 (2014: Nil).

21 Non-adjusting events after the reporting period

Subsequent to the end of the reporting period, the directors declared an interim dividend, further details of which are disclosed in note 12(a).

22 Comparative figures

Certain comparative figures have been re-classified to conform with the disclosure requirements in respect of the discontinued operation set out in note 10.

Financial Review

The following discussions should be read in conjunction with the Company's unaudited condensed interim financial statements for the six months ended 30 June 2015.

Material acquisitions and disposals

During the six months ended 30 June 2015, save for the impairment of the Group's 60% interest in a subsidiary, Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company") which holds the operating right of Hangzhou Qianjiang Third Bridge (being a toll bridge in Hangzhou, Zhejiang Province, mainland China), the Group did not undertake any significant acquisition or disposal of subsidiaries or assets.

Results of operations

During the six months ended 30 June 2015, the Group was engaged in (i) the infrastructure business in mainland China, being the operating right of Hangzhou Qianjiang Third Bridge, up to and including 30 April 2015 (being the date of the final arbitral award from the arbitral tribunal of CIETAC (as referred to in sub-paragraph (a) headed "Infrastructure business in mainland China" below)); and (ii) the operation of department stores in Hong Kong under the name "Citistore".

(a) Infrastructure business in mainland China

As detailed in the section headed "Business Review" on page 2 of the Company's interim report for the six months ended 30 June 2015 (the "Business Review section") of which this Financial Review forms a part, on 30 April 2015, the arbitral tribunal of CIETAC (as such term is defined in the Business Review section) issued the final arbitral award which had legal binding effect on all parties to the Arbitration (as such term is defined in the Business Review section) and pursuant to which, inter alia, Hangzhou Municipal People's Government shall pay to the Group an amount of RMB376 million (equivalent to HK$477 million) (the "Compensation Payment") within 90 days following the issue of the arbitral award.

The entire Compensation Payment was settled by Hangzhou Municipal People's Government on 29 July 2015.

For the six months ended 30 June 2015, the Group recognised the following income and expenditures in relation to the infrastructure business:

(i) direct costs (comprising mainly the amortisation charge on the carrying amount of intangible operating right in relation to Hangzhou Qianjiang Third Bridge) of HK$13 million (2014: HK$24 million);

(ii) other net income in the amount of HK$230 million (2014: HK$1 million) arising from the Compensation Payment to the Group (net of expenses incurred in relation to the Arbitration) of HK$471 million and after (i) the impairment loss on toll bridge operating right and related net assets of the Joint Venture Company of HK$379 million (the "Joint Venture Company Impairment"); and (ii) the reversal of the exchange reserve attributable to the Joint Venture Company of HK$138 million to other comprehensive income for the six months ended 30 June 2015;

(iii) administrative expenses of HK$2 million (2014: HK$3 million);

(iv) nil income tax charge (2014: HK$Nil); and

(v) non-controlling interests' attributable share of loss of HK$140 million (2014: HK$9 million), of which an amount of HK$135 million relates to non-controlling interests' attributable share of loss arising from the Joint Venture Company Impairment.

As a result, for the six months ended 30 June 2015, the Group recognised a net profit attributable to equity shareholders of HK$355 million (2014: loss attributable to equity shareholders of HK$17 million).

(b) Department store operation in Hong Kong

During the six months ended 30 June 2015, the Group recognised the following financial performance of Citistore (Hong Kong) Limited ("Citistore HK"), a wholly-owned subsidiary which is engaged in the operation of department stores in Hong Kong under the name "Citistore":

(i) revenue of HK$449 million (2014: Nil) which comprises mainly the revenue derived from the sales of goods of HK$226 million and the rental income derived from consignment counters and concessionaire counters of HK$131 million and HK$88 million respectively;

(ii) direct costs of HK$345 million (2014: Nil) which comprise mainly the cost of inventories sold of HK$143 million, the rental and related expenses of the store outlets of HK$113 million, and the staff salaries and related expenses of the store outlets of HK$64 million;

(iii) other revenue of HK$6 million (2014: Nil) which comprises sponsorship fees, rental income for antenna site and sundry income;

(iv) selling and marketing expenses of HK$13 million (2014: Nil) which comprise advertising and promotion expenditures;

(v) administrative expenses of HK$30 million (2014: Nil) which comprise mainly salaries and related expenses of the administrative staffs of HK$20 million; and

(vi) income tax charge of HK$11 million (2014: Nil) in relation to the provision for Hong Kong Profits tax for the period.

As a result, for the six months ended 30 June 2015, the Group recognised post-tax profit contribution of HK$56 million (2014: Nil) from Citistore HK.

For the six months ended 30 June 2015, although Citistore HK recorded revenue of HK$449 million (2014: HK$419 million) which represents a period-on-period increase of HK$30 million or 7% over that for the corresponding six months ended 30 June 2014, the profit after taxation of Citistore HK amounted to HK$56 million (2014: HK$62 million) which represents a period-on-period decrease of HK$6 million or 10% from that for the corresponding six months ended 30 June 2014. Such decrease in profit is mainly attributable to the following:

(i) the increase in rental expenses of HK$16 million for the six months ended 30 June 2015, including rental allocation of HK$10 million charged to Citistore HK's income statement for the six months ended 30 June 2015 and which amount represents the difference between the contractual rental and the effective rental during the period in relation to the 9-year tenancy leases of the premises of Citistore HK (which became effective under a framework agreement dated 15 October 2014 between the Company and Henderson Land Development Company Limited);

(ii) the additional depreciation charge of HK$3 million for the six months ended 30 June 2015 relating to the leasehold improvement of the Yuen Long store which completed its renovation in June 2014; and

(iii) the increase in the cost of sales of HK$8 million and salaries and staff allowances of HK$7 million for the six months ended 30 June 2015.

Excluding the rental allocation charge of HK$10 million and the additional depreciation charge of HK$3 million to Citistore HK's income statement for the six months ended 30 June 2015 as itemised under (i) and (ii) above respectively, the adjusted profit after taxation of Citistore HK for the six months ended 30 June 2015 would have become HK$67 million, which represents a period-on-period increase of HK$5 million or 8% over that for the corresponding six months ended 30 June 2014.

(c) Corporate level

In addition, during the six months ended 30 June 2015, the Group recognised other net income of HK$2 million (2014: HK$10 million) and administrative expenses of HK$3 million (2014: HK$2 million) at the corporate level, which resulted in a loss after tax of HK$1 million (2014: profit of HK$8 million).

Aggregating the abovementioned loss after tax at corporate level with the profit after tax of Citistore HK of HK$56 million for the six months ended 30 June 2015 (as referred to in paragraph (b) "Department store operation in Hong Kong" above), the Group recorded total profit after tax attributable to equity shareholders from continuing operation in the amount of HK$55 million for the six months ended 30 June 2015 (2014: HK$8 million).

Financial resources, liquidity and loan maturity profile

At 30 June 2015, the Group had no bank borrowings (31 December 2014: Nil). The Group had net cash and bank balances of HK$346 million at 30 June 2015 (31 December 2014: HK$402 million).

During the six months ended 30 June 2015, the Group did not recognise any finance costs (2014: Nil).

Based on the Group's net cash and bank balances of HK$346 million at 30 June 2015, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. At 30 June 2015, 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 (in the event that the Group shall enter into new bank borrowings) and foreign exchange rate exposure (in relation to any bank deposits in Hong Kong which may be converted to be denominated in a foreign currency other than Hong Kong dollars) 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 2015.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2015 and 31 December 2014.

Capital commitments

At 30 June 2015, the Group had capital commitments contracted but not provided for in the amount of HK$27 million, being in relation to the leasehold improvements and furniture and equipment of Citistore HK (31 December 2014: HK$2 million).

Contingent liabilities

At 30 June 2015 and 31 December 2014, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2015, the Group had 721 (31 December 2014: 717) full-time employees and 195 (31 December 2014: 176) part-time employees, as follows:

	Full-time employees		Part-time employees	
	At 30 June 2015	At 31 December 2014	**At 30 June 2015**	At 31 December 2014
Infrastructure business in mainland China	**48**	50	**–**	–
Citistore HK	**667**	661	**195**	176
Corporate level	**6**	6	**–**	–
Total	**721**	717	**195**	176

In relation to the Group's full-time employees at the corporate level and the infrastructure business in mainland China, 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, training programmes and education subsidies. Nevertheless, in relation to the infrastructure business in mainland China and following the discharge of the Joint Venture Contract (as such term is defined in the Business Review section), the Group (i) has retreated all the management staff assigned by the Group to the Joint Venture Company; and (ii) has no further obligations, responsibilities and payment obligations in respect of the Group's attributable share of the staff costs of the Joint Venture Company.

In relation to Citistore HK, the remuneration packages for the full-time employees typically comprise basic salaries, certain allowances, medical benefits and discretionary year-end bonuses, while remuneration packages for part-time employees typically comprise basic salaries and certain allowances. A defined contribution retirement plan is provided by Citistore HK towards Mandatory Provident Fund for eligible employees in Hong Kong, while due to historical factors, long-time employees of Citistore HK receive the benefit of contributions under the Occupational Retirement Schemes Ordinance ("ORSO"). On-going training programme is also offered to all the employees of Citistore HK.

Total staff costs for the six months ended 30 June 2015 amounted to HK$86 million (2014: HK$3 million). The increase in the Group's total staff costs during the six months ended 30 June 2015 is attributable to the contribution from Citistore HK after the completion of the Group's acquisition of Citistore HK on 1 December 2014, as follows:

	For the six months ended 30 June	
	2015 HK$ million	2014 HK$ million
Infrastructure business in mainland China	**1**	2
Citistore HK	**84**	–
Corporate level	**1**	1
Total	**86**	3

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2015 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 38.

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

During the period under review, 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 2015 and reviewed the systems of internal control and compliance and the interim report for the six months ended 30 June 2015.

Corporate Governance

During the six months ended 30 June 2015, the Company complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the CG Code. During the period, the Company was of the view that it was in the best interest of the Company that Dr Lee Shau Kee, with his profound expertise in business, was in dual capacity as the Chairman and Managing Director. On 1 July 2015, Dr Lee Shau Kee stepped down from such positions and on the same date, Mr Lee Ka Shing was re-designated from Vice Chairman to the Chairman and Managing Director of the Company. The Company is of the same view that it is in the best interest of the Company to let Mr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Mr Lee's in-depth expertise and knowledge in business and the Group.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code of 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 standard 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 Directors of the Company required to be disclosed are shown as follows:

(a) Dr Lee Shau Kee stepped down from the positions of the Chairman and Managing Director, the chairman of the Nomination Committee and a member of the Remuneration Committee on 1 July 2015 and remains as an Executive Director of the Company.

(b) Dr Lee Ka Kit was awarded Gold Bauhinia Star (GBS) by the Government of the Hong Kong Special Administrative Region on 1 July 2015.

(c) Mr Lee Ka Shing was re-designated as the Chairman and Managing Director of, and was appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee of, the Company on 1 July 2015.

(d) Mr Li Ning retired as executive director of Henderson Land Development Company Limited, the listed holding company of the Company, on 2 June 2015.

(e) Mr Au Siu Kee, Alexander has been appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company with effect from 1 July 2015.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 20 August 2015

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

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2015, 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 which were notified to the Company or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies 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 Shau Kee	1			2,115,274,943		2,115,274,943	69.41
	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
	Lee Tat Man	2	6,666				6,666	0.00
Henderson Land Development Company Limited	Lee Shau Kee	3	9,654,499		2,110,953,454		2,120,607,953	70.68
	Lee Ka Kit	3				2,109,815,799	2,109,815,799	70.32
	Lee Ka Shing	3				2,109,815,799	2,109,815,799	70.32
	Li Ning	3		2,109,815,799			2,109,815,799	70.32
	Lee Tat Man	4	136,788				136,788	0.00

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 Shau Kee	5			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	6			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	7	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	5				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	6				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	7				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	5				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	6				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	7				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	5		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	6		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	7		15,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares)	30.00

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
Heyield Estate Limited	Lee Shau Kee	8			100		100	100.00
	Lee Ka Kit	8				100	100	100.00
	Lee Ka Shing	8				100	100	100.00
	Li Ning	8		100			100	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.

Share Option Schemes

The Company and its subsidiaries have no share option schemes.

Arrangements to Purchase Shares or Debentures

At no time during the six months ended 30 June 2015 was the Company or any of its holding companies, subsidiary companies 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.

Substantial Shareholders' and Others' Interests

As at 30 June 2015, 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
Persons other than Substantial Shareholders:		
Gainwise Investment Limited (Note 1)	217,250,000	7.13

Notes:

1. Of these shares, (i) 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 taken to be 70.26% held by Henderson Development Limited ("HD"); and (ii) 3,000,000 shares and 1,406,000 shares were respectively owned by Tako Assets Limited and Thommen Limited, both were wholly-owned subsidiaries of Hong Kong Ferry (Holdings) Company Limited ("HKF") in which Dr Lee Shau Kee together with HL held 33.55%. Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr Lee Shau Kee. Dr Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Mr 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. Mr Lee Tat Man was the beneficial owner of these shares.

3. Of these shares, Dr Lee Shau Kee was the beneficial owner of 9,654,499 shares, and for the remaining 2,110,953,454 shares, (i) 901,191,453 shares were owned by HD; (ii) 218,807,512 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 230,452,102 shares were owned by Cameron Enterprise Inc.; 495,425,632 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 94,937,415 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 87,358,640 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 73,049,536 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; (iv) 6,779,146 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("China Gas") which was 41.51% held by HL which in turn was taken to be 70.26% held by HD; (v) 1,814,363 shares were owned by Fu Sang Company Limited ("Fu Sang"); and (vi) 774,618 shares and 363,037 shares were respectively owned by Tako Assets Limited and Thommen Limited, both were wholly-owned subsidiaries of HKF in which Dr Lee Shau Kee together with HL held 33.55%. Dr Lee Shau Kee was taken to be interested in HD as set out in Note 1, Fu Sang (all the issued ordinary shares of which were owned by Hopkins as trustee of the Unit Trust), China Gas and HL by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Mr 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.

4. Mr Lee Tat Man was the beneficial owner of these shares.

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

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

7. Of these shares, Dr Lee Shau Kee was the beneficial owner of 35,000,000 shares, and Fu Sang owned the remaining 15,000,000 shares.

8. Of these shares, (i) 80 shares were owned by Tactwin Development Limited, a wholly-owned subsidiary of HL; (ii) 10 shares were owned by Henderson Finance Company Limited, a wholly-owned subsidiary of HD; and (iii) 5 shares each were owned by Perfect Bright Properties Inc. and Furnline Limited, and Jetwin International Limited was the sole holder of A shares of each of Perfect Bright Properties Inc. and Furnline Limited (the "A Shares") with the A Shares being entitled to all their interests and, liable for all liabilities in Heyield Estate Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Dr Lee Ka Kit and Mr Lee Ka Shing were taken to be interested in such 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.

pwc 羅兵咸永道

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

Introduction

We have reviewed the condensed interim financial statements set out on pages 6 to 25, which comprise the interim consolidated statement of financial position of Henderson Investment Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related 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 a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2015

恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED