



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

Stock Code 股份代號：97

Interim Report 中期報告

2016

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Interim Results and Dividend

The Board of Directors announces that for the six months ended 30 June 2016, the (unaudited) Group's profit attributable to equity shareholders amounted to HK\$58 million, representing a decrease of HK\$352 million or 86% from HK\$410 million for the corresponding period in 2015. Earnings per share were HK1.9 cents (2015: HK13.4 cents).

The above decrease in profit was mainly due to the recognition of a one-off gain of approximately HK\$355 million from the discontinued operation of infrastructure business during the corresponding period in 2015. In terms of continuing operation, the Group's profit attributable to equity shareholders for the six months ended 30 June 2016 amounted to HK\$58 million, representing an increase of HK\$3 million or 5% as compared with that of HK\$55 million (after excluding the one-off gain) for the corresponding period in 2015. The growth is mainly due to the interest income in relation to the compensation payment received in July 2015 regarding the discontinued operation.

The Board has resolved to pay an interim dividend of HK2.0 cents per share (2015: HK2.0 cents per share) to shareholders whose names appear on the Register of Members of the Company on Thursday, 8 September 2016 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 Wednesday, 7 September 2016 and Thursday, 8 September 2016, 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 Tuesday, 6 September 2016. Interim dividend will be distributed to shareholders on Wednesday, 14 September 2016.

Management Discussion and Analysis

Business Review

The Group operates a department store business in six densely-populated residential districts (namely, Tsuen Wan, Yuen Long, Ma On Shan, Tseung Kwan O, Tai Kok Tsui and Tuen Mun) under the name of "Citistore" and they aim at providing customers with a "one-stop" shopping convenience through a vast selection of merchandise at reasonable and competitive prices. A specialty store has also been established in the Tsim Sha Tsui shopping hub, offering a collection of apparel brands from Japan and Korea under the "id:c" brand.

Due to the fall in tourists spending, as well as the cautious local consumer sentiment amid the gloomy economic outlook, the value of total retail sales in Hong Kong decreased by 10.5% period-on-period for the six months ended 30 June 2016.

Nevertheless, by offering affordable household necessities for the consumers in the neighbourhood, over the same period the Group's "Citistore" operation recorded only a moderate period-on-period decrease of 2% in total sales proceeds (which were derived from the sales of own goods, as well as from concessionaire and consignment sales) with its breakdown as follows:

	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Proceeds from sales of own goods	224	226
Proceeds from concessionaire and consignment sales	725	745
Total:	949	971

Sales of Own Goods and Gross Margin

During the period under review, Citistore's sales of own goods decreased slightly to HK\$224 million with a lower gross margin of 35% due to the intensified price competition in the retail market. The Household & Toys category made up approximately 52% of the total revenue from sales of goods, the Apparels category contributed approximately 35% and the balance of approximately 13% came from the categories of Food and Cosmetics.

	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Sales of own goods	224	226
Gross profit (after netting the cost of inventories sold)	79	83
Gross margin	35%	37%

Rental Income from Concessionaire and Consignment Counters

Citistore's concessionaire sales are conducted by licensing portions of shop spaces to its concessionaires for setting up their own concession counters to sell their products, whilst consignment sales comprise the sales of consignors' own products on or in designated shelves, areas or spaces. Citistore charges these concessionaire and consignment counters on the basis of revenue sharing or basic rent (if any), whichever is higher, as its rental income. During the period under review, the total rental income derived from these concessionaire and consignment counters decreased by 2% to HK\$215 million, in line with the decrease of 3% to HK\$219 million in the total sales proceeds from these counters as shown below:

	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Sales proceeds from concessionaire counters	281	303
Sales proceeds from consignment counters	444	442
Total:	725	745
Rental income from concessionaire and consignment counters	215	219

Citistore's Profit Contribution

Despite reductions in both gross profit from sales of own goods, as well as rental income from concessionaire and consignment counters, Citistore's after-tax profit contribution for the six months ended 30 June 2016 remained stable at HK\$55 million mainly due to its improvement in operating efficiency and stringent controls over expenses as below:

Operating Expenses	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Salaries and related costs	76	84
Rental and related costs	121	117
Selling and marketing expenses	9	13
Administrative and other expenses	31	31
Total:	237	245
Citistore's Profit After Taxation:	55	56

As aforesaid, with the interest income in relation to the compensation payment received by the Group in July 2015 regarding the discontinued operation, the Group's profit attributable to equity shareholders from continuing operation for the six months ended 30 June 2016 amounted to HK\$58 million, representing an increase of HK\$3 million or 5% over HK\$55 million (after excluding the one-off gain) for the corresponding period in 2015.

Corporate Finance

At 30 June 2016, the Group had no bank borrowings (31 December 2015: Nil) and its net cash and bank balances amounted to HK\$786 million (31 December 2015: HK\$791 million).

Prospects

Given the continuing uncertainty in the economic outlook, the overall operating environment is expected to remain challenging in the second half of this year. The Group will reinforce the brand recognition of “Citistore” by launching various promotional campaigns so as to reach out to more customers and to drive business growth. The Group will also continue to optimise its product mix and implement cost savings measures, thereby further enhancing the overall results of Citistore.

Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss — unaudited

	Note	For the six months ended 30 June	
		2016 HK\$ million	2015 HK\$ million
Continuing operation:			
Revenue	4	443	449
Direct costs		(345)	(345)
		98	104
Other revenue	5	5	6
Other income	6	5	2
Selling and marketing expenses		(9)	(13)
Administrative expenses		(30)	(33)
		69	66
Profit before taxation	7	69	66
Income tax	8	(11)	(11)
		58	55
Profit for the period from continuing operation		58	55
Discontinued operation:			
Profit for the period from discontinued operation	9	–	215
		58	270
Profit for the period		58	270
Attributable to:			
Equity shareholders of the Company			
– Continuing operation	10(a)	58	55
– Discontinued operation	10(b)	–	355
		58	410
Non-controlling interests			
– Continuing operation		–	–
– Discontinued operation		–	(140)
		–	(140)
Profit for the period		58	270
		HK cents	HK cents
Earnings per share – basic and diluted	10		
– From continuing operation		1.9	1.8
– From discontinued operation		–	11.6
		1.9	13.4

Details of dividends payable to equity shareholders of the Company are set out in note 11.

The notes on pages 11 to 24 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	
	2016 HK\$ million	2015 HK\$ million
Profit for the period	58	270
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	(2)	–
– Reversal of the exchange reserve attributable to the Joint Venture Company (see note 9) from equity to profit or loss	–	(138)
Total comprehensive income for the period	56	132
Attributable to:		
Equity shareholders of the Company	57	272
Non-controlling interests	(1)	(140)
Total comprehensive income for the period	56	132
Total comprehensive income for the period arising from:		
– Continuing operation	56	55
– Discontinued operation	–	77
	56	132
Total comprehensive income attributable to equity shareholders of the Company arising from:		
– Continuing operation	57	55
– Discontinued operation	–	217
	57	272

The notes on pages 11 to 24 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	Note	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Non-current assets			
Fixed assets		65	73
Trademarks		48	49
Goodwill		810	810
Deferred tax asset		2	1
		925	933
Current assets			
Inventories		57	66
Trade and other receivables	13	51	57
Cash and bank balances	14	786	791
		894	914
Current liabilities			
Trade and other payables	15	227	271
Amounts due to affiliates		42	28
Current taxation		10	3
		279	302
Net current assets		615	612
Total assets less current liabilities		1,540	1,545
Non-current liability			
Deferred tax liabilities		15	15
NET ASSETS		1,525	1,530
CAPITAL AND RESERVES			
Share capital		612	612
Reserves		873	877
Total equity attributable to equity shareholders of the Company		1,485	1,489
Non-controlling interests		40	41
TOTAL EQUITY		1,525	1,530

The notes on pages 11 to 24 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited

	Note	Attributable to equity shareholders of the Company				Total	Non-controlling interests	Total equity
		Share capital	Capital reserve	Exchange reserve	Retained profits			
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
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	11(b)	-	-	-	(61)	(61)	-	(61)
Balance at 30 June 2015		612	10	29	863	1,514	43	1,557
Balance at 1 January 2016		612	10	26	841	1,489	41	1,530
Changes in equity for the six months ended 30 June 2016:								
Profit for the period		-	-	-	58	58	-	58
Other comprehensive income for the period		-	-	(1)	-	(1)	(1)	(2)
Total comprehensive income for the period		-	-	(1)	58	57	(1)	56
Dividend approved and paid in respect of the previous financial year	11(b)	-	-	-	(61)	(61)	-	(61)
Balance at 30 June 2016		612	10	25	838	1,485	40	1,525

The notes on pages 11 to 24 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	
		2016 HK\$ million	2015 HK\$ million
Net cash generated from operating activities			
Profit before taxation			
From continuing operation		69	66
From discontinued operation	9	–	215
		69	281
Interest income		(4)	(2)
Depreciation		12	13
Amortisation of trademarks		1	1
Decrease/(increase) in inventories		9	(3)
Decrease in trade and other receivables		5	2
Decrease in trade and other payables		(44)	(49)
Increase in amounts due to affiliates		14	17
Tax paid			
– Hong Kong		(5)	(7)
– outside Hong Kong		–	(1)
From discontinued operation			
– Net proceeds from the Compensation Payment (as defined in note 9)	9	–	(471)
–The Joint Venture Company Impairment (as defined in note 9) excluding cash and cash equivalents		–	347
– Reversal of the exchange reserve attributable to the Joint Venture Company	9	–	(138)
– Amortisation of intangible operating right		–	10
– Increase in trade and other payables		–	5
		57	5
Net cash generated from investing activities			
Interest received		4	2
Additions to fixed assets		(4)	(2)
Decrease in deposits with banks over three months of maturity at acquisition		647	–
		647	–
Net cash used in financing activity			
Dividend paid to shareholders		(61)	(61)
		(61)	(61)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January	14	144	402
Effect of foreign exchange rate changes		(1)	–
Cash and cash equivalents at 30 June	14	786	346

The notes on pages 11 to 24 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 23 August 2016.

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 2015 (“the 2015 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 2016. 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 accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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 2015 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 36. In addition, these condensed interim financial statements have been reviewed by the Company’s Audit Committee.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation (continued)

The financial information relating to the year ended 31 December 2015 as comparative information that is included in the condensed interim financial statements for the six months ended 30 June 2016 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 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

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 2012–2014 cycle
- Amendments to HKAS 1, *Disclosure initiative*
- Amendments to HKAS 16, and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*

None of these developments has 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.

Notes to the Unaudited Condensed Interim Financial Statements

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 expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2015 financial statements.

4 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	
	2016	2015
	HK\$ million	HK\$ million
Sale of goods	224	226
Rental income from consignment counters	133	131
Rental income from concessionaire counters	82	88
Promotion income	4	4
	443	449
	(note 12(b))	(note 12(b))

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

	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Receipts from sale of goods by consignment counters	444	442
Receipts from sale of goods by concessionaire counters	281	303
	725	745

Notes to the Unaudited Condensed Interim Financial Statements

5 Other revenue

	For the six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Sponsorship fees	1	2
Rental for antenna site	2	2
Sundry income	2	2
	<u>5</u>	<u>6</u>

6 Other income

	For the six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Bank interest income	4	1
Other interest income	–	1
Others	1	–
	<u>5</u>	<u>2</u>

7 Profit before taxation

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

	For the six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
(a) Staff costs:		
Salaries, wages and other benefits	72	81
Contributions to defined contribution retirement plan	4	4
	<u>76</u>	<u>85</u>
(b) Other items:		
Amortisation of trademarks	1	1
Depreciation	12	13
Operating lease charges in respect of rental premises	121	117
Cost of inventories sold	145	143
Rentals receivable less direct outgoings of HK\$173 million (2015: HK\$178 million) (note)	(42)	(41)
	<u>212</u>	<u>257</u>

Note: Included contingent rental income of HK\$94 million (2015: HK\$97 million) during the period.

Notes to the Unaudited Condensed Interim Financial Statements

8 Income tax

	For the six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Current tax – Hong Kong		
– provision for the period	12	12
Deferred taxation		
– origination and reversal of temporary differences	(1)	(1)
	11	11

Provision for Hong Kong Profits Tax has been made at 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

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%.

9 Discontinued operation

In relation to the Group’s intangible operating right of the Hangzhou Qianjiang Third Bridge (the “Bridge”) in Hangzhou, mainland China, on 30 April 2015, the arbitral tribunal of China International Economic and Trade Arbitration Commission (“CIETAC”, 中國國際經濟貿易仲裁委員會) made certain final arbitral award having legal binding effect on all parties (including the Company) to an arbitration application (“Arbitration”) filed by Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the “Joint Venture Company”, a subsidiary of the Company which held the operating right of the Bridge) with CIETAC on 17 September 2012 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) (the “Hangzhou Toll Office”) as the first respondent and Hangzhou Municipal People’s Government (杭州市人民政府) 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 an agreement dated 5 February 2004 entered into between the Joint Venture Company and the Hangzhou Toll Office 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.

Notes to the Unaudited Condensed Interim Financial Statements

9 Discontinued operation (continued)

As a result of the final arbitral award made by the arbitral tribunal of CIETAC, the Group received an amount of RMB376 million (equivalent to HK\$477 million) (the “Compensation Payment”) from Hangzhou Municipal People’s Government. The operation of the Bridge was considered as discontinued operation on 30 April 2015. The entire Compensation Payment was settled by Hangzhou Municipal People’s Government on 29 July 2015.

The results of the discontinued operation for the corresponding six months ended 30 June 2015 were as follows:

	HK\$ million
Revenue	–
Direct costs (note (i))	(13)
	(13)
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
Administrative expenses	(2)
Profit before taxation	215
Income tax	–
Profit for the period from discontinued operation	215
Attributable to:	
– Equity shareholders of the Company	355
– Non-controlling interests (note (iii))	(140)
	215

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

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

Note (iii): The amount of HK\$140 million included 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

10 Earnings 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\$58 million (2015: HK\$55 million) and 3,047,327,395 (2015: 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 per share is based on the profit attributable to equity shareholders of the Company of HK\$ Nil (2015: HK\$355 million) and 3,047,327,395 (2015: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

11 Dividends

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

	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Interim dividend declared after the end of the reporting period of HK2 cents (2015: 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	
	2016	2015
	HK\$ million	HK\$ million
Final dividend in respect of the previous financial year, approved/declared and paid during the period, of HK2 cents (2015: HK2 cents) per share	61	61

Notes to the Unaudited Condensed Interim Financial Statements

12 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, net.

Notes to the Unaudited Condensed Interim Financial Statements

12 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 corresponding 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	Segment Results	Revenue	Segment Results	Revenue	Segment Results
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
For the six months ended 30 June 2015						
Continuing operation:						
Department store operation	449	67	-	-	449	67
Discontinued operation:						
Infrastructure (note 9)	-	215	-	(140)	-	355
	<u>449</u>	<u>282</u>	<u>-</u>	<u>(140)</u>	<u>449</u>	<u>422</u>
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		<u>270</u>		<u>(140)</u>		<u>410</u>

No segmental information for the six months ended 30 June 2016 is presented as the Group's revenue and trading results for the period were generated solely from its continuing operation, the revenue of which amounted to HK\$443 million (2015: HK\$449 million) during the period and the pre-tax profit from operation of which amounted to HK\$66 million (2015: HK\$67 million) during the period.

Notes to the Unaudited Condensed Interim Financial Statements

12 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, 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 trademarks and goodwill.

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 June		At 30 June	At 31 December
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(unaudited)	(audited)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	443	449	923	932
	(note 4)	(note 4)		

(c) Other segment information

	Amortisation and depreciation	
	For the six months ended 30 June	
	2016	2015
	HK\$ million	HK\$ million
Continuing operation:		
Department store operation	13	14
Discontinued operation:		
Infrastructure	-	10
	13	24

Notes to the Unaudited Condensed Interim Financial Statements

13 Trade and other receivables

	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Trade debtors	4	6
Consideration receivable	42	43
Deposits, prepayments and other receivables	5	8
	51	57

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

	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Current or under 1 month overdue	4	6

In relation to the consideration receivable which was overdue for more than one year but was not impaired, 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

14 Cash and bank balances

	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Deposits with banks	755	679
Cash at bank and in hand	31	112
Cash and bank balances in the consolidated statement of financial position	786	791
Less: deposits with banks over three months of maturity at acquisition	–	(647)
Cash and cash equivalents in the condensed consolidated cash flow statement	786	144

Included in the cash and bank balances at 30 June 2016 were (i) an amount being the equivalent of HK\$2 million (31 December 2015: HK\$2 million) 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\$48 million (31 December 2015: HK\$50 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

Deposits with banks include deposits of HK\$32 million (31 December 2015: HK\$38 million) which are principal-protected with variable interest rates.

15 Trade and other payables

	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Trade creditors	172	206
Accrued expenses and other payables	43	53
Rental deposits	12	12
	227	271

Notes to the Unaudited Condensed Interim Financial Statements

15 Trade and other payables (continued)

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

	At 30 June 2016 (unaudited) HK\$ million	At 31 December 2015 (audited) HK\$ million
Due within 1 month or on demand	158	187
Due after 1 month but within 3 months	14	19
	172	206

16 Capital commitments

At 30 June 2016, 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\$1 million (31 December 2015: HK\$1 million).

17 Contingent liabilities

At 30 June 2016 and 31 December 2015, the Group did not have any contingent liabilities.

18 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	
	2016 HK\$ million	2015 HK\$ million
Rental expenses payable (note (ii))	110	107
Cleaning expenses payable	3	3

Notes to the Unaudited Condensed Interim Financial Statements

18 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	
	2016	2015
	HK\$ million	HK\$ million
Rental expenses payable (note (iii))	8	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 in the aggregate amount of HK\$21 million for the six months ended 30 June 2016 (2015: HK\$19 million).

Note (iii): Including management fees, air-conditioning charges and rates in the aggregate amount of HK\$4 million for the six months ended 30 June 2016 (2015: HK\$3 million).

19 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 11(a).

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 2016.

Material acquisitions and disposals

During the six months ended 30 June 2016, the Group did not undertake any significant acquisition or disposal of subsidiaries or assets.

Results of operations

On 30 April 2015, the Group fully impaired its interest in the intangible operating right of Hangzhou Qianjiang Third Bridge and therefore discontinued its investment in the infrastructure business in mainland China. As a result, the Group recognised a one-off net profit attributable to equity shareholders of HK\$355 million for the corresponding six months ended 30 June 2015.

During the six months ended 30 June 2016, the Group was engaged in the operation of department stores in Hong Kong under the name of "Citistore" through Citistore (Hong Kong) Limited ("Citistore HK"), a wholly-owned subsidiary of the Company, which remained to be the Group's continuing business operation and the sole contributor of revenue to the Group.

(a) Department store operation in Hong Kong

The Group recognised the following financial performance of Citistore HK for the six months ended 30 June 2016:

- (i) revenue of HK\$443 million (2015: HK\$449 million) which comprises mainly the revenue derived from the sales of goods of HK\$224 million (2015: HK\$226 million) and the rental income derived from consignment counters and concessionaire counters of HK\$133 million and HK\$82 million respectively (2015: HK\$131 million and HK\$88 million respectively);
- (ii) direct costs of HK\$345 million (2015: HK\$345 million) which comprise mainly the cost of inventories sold of HK\$145 million (2015: HK\$143 million), the rental and related expenses of the store outlets of HK\$117 million (2015: HK\$113 million), and the staff salaries and related expenses of the store outlets of HK\$58 million (2015: HK\$64 million);
- (iii) other revenue of HK\$5 million (2015: HK\$6 million) which comprises sponsorship fees, rental income for antenna site and sundry income;
- (iv) selling and marketing expenses of HK\$9 million (2015: HK\$13 million) which comprise advertising and promotion expenditures;

- (v) administrative expenses of HK\$28 million (2015: HK\$30 million) which comprise mainly salaries and related expenses of the administrative staffs of HK\$18 million (2015: HK\$20 million); and
- (vi) income tax charge of HK\$11 million (2015: HK\$11 million) in relation to the provision for Hong Kong Profits Tax for the period.

As a result, for the six months ended 30 June 2016, the Group recognised post-tax profit contribution of HK\$55 million (2015: HK\$56 million) from Citistore HK.

For the six months ended 30 June 2016, Citistore HK recorded revenue of HK\$443 million (2015: HK\$449 million) which represents a period-on-period decrease of HK\$6 million or 1% from that for the corresponding six months ended 30 June 2015. The decrease is mainly attributable to the weakened retail market sentiment in Hong Kong during the six months ended 30 June 2016 when compared with that for the corresponding six months ended 30 June 2015, but alleviated by the increase in sales due to a colder month of January 2016 as well as the launch of proactive promotional activities during the six months ended 30 June 2016.

Profit after tax of Citistore HK for the six months ended 30 June 2016 amounted to HK\$55 million (2015: HK\$56 million) which represents a period-on-period decrease of HK\$1 million or 2% from that for the corresponding six months ended 30 June 2015. Such decrease is attributable to the decrease in revenue (as referred to above), as well as the savings in selling and marketing expenses and administrative expenses, for the six months ended 30 June 2016 when compared with that for the corresponding six months ended 30 June 2015.

(b) Corporate level

During the six months ended 30 June 2016, the Group recognised other income of HK\$5 million (2015: HK\$2 million) and administrative expenses of HK\$2 million (2015: HK\$3 million) at the corporate level, which resulted in a profit after tax of HK\$3 million (2015: loss after tax of HK\$1 million).

Aggregating the abovementioned profits after tax of Citistore HK and at corporate level for the six months ended 30 June 2016, the Group recorded total profit after tax attributable to equity shareholders from continuing operation in the amount of HK\$58 million for the six months ended 30 June 2016 (2015: HK\$55 million).

Financial resources, liquidity and loan maturity profile

At 30 June 2016, the Group had no bank borrowings (31 December 2015: Nil). The Group had cash and bank balances of HK\$786 million at 30 June 2016 (31 December 2015: HK\$791 million).

During the six months ended 30 June 2016, the Group did not recognise any finance costs (2015: Nil).

Based on the Group's cash and bank balances of HK\$786 million at 30 June 2016, 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 2016 and 31 December 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 2016 and 31 December 2015.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2016 and 31 December 2015.

Capital commitments

At 30 June 2016, the Group had capital commitments contracted but not provided for in the amount of HK\$1 million, being in relation to the leasehold improvements and furniture and equipment of Citistore HK (31 December 2015: HK\$1 million).

Contingent liabilities

At 30 June 2016 and 31 December 2015, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2016, the Group had 628 (31 December 2015: 643) full-time employees and 166 (31 December 2015: 149) part-time employees, as follows:

	Full-time employees		Part-time employees	
	At 30 June 2016	At 31 December 2015	At 30 June 2016	At 31 December 2015
Citistore HK	625	638	166	149
Corporate level	3	5	-	-
Total	628	643	166	149

In relation to the Group's full-time employees at the corporate level, 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.

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 2016 amounted to HK\$76 million (2015: HK\$86 million), as follows:

	For the six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Infrastructure business in mainland China	-	1
Citistore HK	76	84
Corporate level	-	1
Total	76	86

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2016 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 36.

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 2016 and reviewed the systems of internal control, risk management and compliance and the interim report for the six months ended 30 June 2016.

Corporate Governance

During the six months ended 30 June 2016, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the CG Code. The Company is of the view that it is in the best interest of the Company to let Mr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Mr Lee’s in-depth expertise and knowledge in business and the Group.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code 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.

Change in the Information of Director

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of Director of the Company required to be disclosed is shown as follow:

Mr Au Siu Kee, Alexander has become a Fellow of The Institute of Chartered Accountants in England and Wales from 1 August 2016.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 23 August 2016

As at the date of this report, the Board comprises: (1) executive directors: Lee Ka Shing (Chairman), Lee Ka Kit, Lam Ko Yin, Colin, Lee Shau Kee, 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 2016, 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 pursuant to SFO or 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 Chau Kee	1			2,115,274,943		2,115,274,943	69.41
	Lee Ka Kit	1				2,115,274,943	2,115,274,943	69.41
	Lee Ka Shing	1				2,115,274,943	2,115,274,943	69.41
	Li Ning	1		2,115,274,943			2,115,274,943	69.41
	Lee Tat Man	2	6,666				6,666	0.00
Henderson Land Development Company Limited	Lee Chau Kee	3	11,681,944		2,631,026,081		2,642,708,025	72.65
	Lee Ka Kit	3				2,631,026,081	2,631,026,081	72.33
	Lee Ka Shing	3				2,631,026,081	2,631,026,081	72.33
	Li Ning	3		2,631,026,081			2,631,026,081	72.33
	Lee Tat Man	4	165,514				165,514	0.00
	Au Siu Kee, Alexander	5				89,927	89,927	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 Chau Kee	6			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Chau Kee	7			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Chau Kee	8	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	6				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	7				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	8				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	6				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	7				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	8				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	6			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Li Ning	7			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Li Ning	8			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 Chau Kee	9			100		100	100.00
	Lee Ka Kit	9				100	100	100.00
	Lee Ka Shing	9				100	100	100.00
	Li Ning	9		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 2016 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 2016, 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)	2,115,274,943	69.41
Riddick (Cayman) Limited (Note 1)	2,115,274,943	69.41
Hopkins (Cayman) Limited (Note 1)	2,115,274,943	69.41
Henderson Development Limited (Note 1)	2,115,274,943	69.41
Henderson Land Development Company Limited (Note 1)	2,115,274,943	69.41
Kingslee S.A. (Note 1)	2,115,274,943	69.41
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:

- 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 72.27% 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 HL held 33.41%. 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.
- Mr Lee Tat Man was the beneficial owner of these shares.

3. Of these shares, Dr Lee Shau Kee was the beneficial owner of 11,681,944 shares, and for the remaining 2,631,026,081 shares, (i) 1,089,999,150 shares were owned by HD; (ii) 341,972,009 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 278,847,043 shares were owned by Cameron Enterprise Inc.; 599,465,015 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 114,874,271 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 105,703,954 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 88,389,937 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) 8,202,766 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited (“China Gas”) which was 41.52% held by HL which in turn was taken to be 72.27% held by HD; (v) 2,195,377 shares were owned by Fu Sang Company Limited (“Fu Sang”); and (vi) 937,285 shares and 439,274 shares were respectively owned by Tako Assets Limited and Thommen Limited, both were wholly-owned subsidiaries of HKF in which HL held 33.41%. 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 owned by Mr Au Siu Kee, Alexander and his wife jointly.
6. These shares were held by Hopkins as trustee of the Unit Trust.
7. These shares were held by Hopkins as trustee of the Unit Trust.
8. 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.
9. 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.



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 24, which comprise the consolidated statement of financial position of Henderson Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 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, 23 August 2016



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

