HENDERSON INVESTMENT LIMITED
恒 基 兆 業 發 展 有 限 公 司
STOCK CODE : 97

ANNUAL REPORT 2024

Corporate Profile

Listed in Hong Kong since 1972, Henderson Investment Limited is a subsidiary of Henderson Land Development Company Limited, a leading property development group in Hong Kong. The Company is currently engaged in the business operation of department stores, household specialty stores and supermarkets in Hong Kong.

In Loving Memory of

Dr. the Honourable Lee Shau Kee, GBM,

Founder of Henderson Land Group

(1928-2025)


APITA
IAMMAMA


UNY
生活創庫


C生活


Alfeld
廚具系列
獨家發售
千色CITISTORE

Contents

FORWARD-LOOKING STATEMENTS

This annual 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.

Group Structure

Henderson Land Group Structure

Market capitalisation as at 31 December 2024

Henderson Land Development Company Limited: HK$114 billion

Seven listed companies of Henderson Land Group: HK$253 billion

Henderson Land Development Company Limited

Investment holding, property development and investment in Hong Kong and mainland China, construction, project and property management

22.09%
Sunlight Real Estate Investment Trust
Property investment

33.41%
Hong Kong Ferry (Holdings) Company Limited
Property development and investment

41.53%
The Hong Kong and China Gas Company Limited
Production and distribution of gas in Hong Kong and mainland China

50.08%
Miramar Hotel and Investment Company, Limited
Hotel and serviced apartment, property rental, food and beverage, and travel

69.27%
Henderson Investment Limited
Retail business in Hong Kong

68.38%
Towngas Smart Energy Company Limited
Supply piped gas and build city-gas infrastructure in mainland China, while expanding smart energy businesses

Note: All attributable interests shown above were figures as of 31 December 2024.

Chairman's Statement

Dr Lee Ka Shing
GBS, JP, DSSc (Hon)
Chairman and Managing Director

Loss and Net Asset Value Attributable to Shareholders

The Group's loss attributable to equity shareholders for the year ended 31 December 2024 amounted to HK$125 million, as compared with the loss attributable to equity shareholders of HK$72 million for the previous year. The increase in loss is mainly attributable to (i) cumulative effects of the accounting treatment for the simultaneous renewal of various shop lease agreements; and (ii) the adverse effects of the ongoing rise in outbound travel, as well as the continual increase in cross-border consumption and shopping. The loss per share was HK 4.1 cents (2023: HK 2.4 cents).

As at 31 December 2024, the net asset value attributable to equity shareholders amounted to HK$1,053 million or HK$0.35 per share (2023: HK$1,173 million or HK$0.38 per share).

Dividend

The Board has resolved not to recommend the payment of a final dividend (2023: Nil) for the year under review, because of the loss suffered.

Citistore, Tseung Kwan O, New Territories

Business Review

During the year, changes in the consumption patterns of inbound tourists, as well as the trend of Hongkongers to "head north" across the border for shopping and entertainment, continued to weigh on the local retail sector. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for 2024 decreased by 7.3% compared to the previous year. Notably, sales of commodities in department stores decreased by 13.9% in value year-on-year.

The Group's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited, which operates five department stores under the name of "Citistore" and two household specialty stores under the name of "Citilife" (hereinafter collectively referred to as "Citistore"); and (ii) Unicorn Stores (HK) Limited, which operates two department stores-cum-supermarkets under the name of "APITA" or "UNY" and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "Unicorn").

Continuous efforts have been made to integrate the businesses of Citistore and Unicorn, so as to enhance their operational synergies and efficiency. Following the establishment of a centralised distribution centre, their information technology systems were fully integrated during this year. In December 2024, their common membership loyalty programme CU APP was integrated with H•COINS, the membership loyalty programme of the Group's parent company, Henderson Land Development Company Limited. This integration resulted in further expansion of the member base of CU APP.

(I) Citistore

During the year, Citistore continued to explore new ways to enhance its performance. For the National Day holiday, key opinion leaders were invited to promote its Extraordinary Sale Campaign to mainland shoppers on social media platforms (such as Xiaohongshu). Citistore also created information leaflets and orchestrated a diverse range of product demonstrations, aimed at enriching mainland shoppers' knowledge of both local and international quality products. This initiative succeeded in generating substantial publicity across social media platforms and further enhanced Citistore's brand awareness.

In addition, Citistore collaborated with suppliers to establish multiple pop-up stores for various sales events. Ma On Shan Store was downsized to enhance its operational efficiency and flexibility.

Citistore's existing store network is as follows:

	Location	Total lettable area (square feet)
*Department Stores**		
Citistore Tsuen Wan	KOLOUR • Tsuen Wan II, New Territories	138,860
Citistore Tuen Mun	The Trend Plaza, New Territories	17,683
Citistore Yuen Long	KOLOUR • Yuen Long, New Territories	54,809
Citistore Ma On Shan	MOSTown, New Territories	62,340
Citistore Tseung Kwan O	MCP Central, New Territories	68,276
Household Speciality Stores		
Citilife Wong Tai Sin	Temple Mall, Kowloon	1,629
Citilife Tin Shui Wai	T Town South, New Territories	3,660
	Total:	**347,257**

* *Each Citistore location has a dedicated "Citilife" counter.*

Citistore, affected by unfavourable market conditions, recorded a year-on-year decrease of 12% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the year ended 31 December 2024. Below is a breakdown of such sales proceeds:

	For the year ended 31 December		
	2024 HK$ million	2023 HK$ million	Change
Proceeds from sales of own goods	**287**	319	-10%
Proceeds from consignment sales	**698**	783	-11%
Proceeds from concessionaire sales	**373**	440	-15%
Total:	**1,358**	1,542	-12%

Citilife, Tin Shui Wai, New Territories

Sales of Own Goods

During the year, Citistore's sales of own goods decreased by 10% year-on-year to HK$287 million with a gross margin of 31%. The decrease in sales and margin was mainly due to intensified price competition in the sluggish retail market.

	For the year ended 31 December	
	2024 HK$ million	2023 HK$ million
Sales of own goods	**287**	319
Gross profit (after netting the cost of inventories sold)	**90**	107
Gross margin	**31%**	34%

Consignment and Concessionaire Sales

Citistore's consignment sales comprise the sales of consignors' products on consignment basis in designated shelves or areas, while concessionaire sales are conducted by concessionaires operating from their own shop spaces within Citistore's stores under licence agreements. From all consignment and concessionaire sales Citistore receives a revenue-based commission or base commission (if any), whichever is higher, as its commission income. During the year, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 12% year-on-year to HK$308 million. Below is a breakdown of such commission income:

	For the year ended 31 December		
	2024 HK$ million	2023 HK$ million	Change
Commission income			
– from consignment sales	**205**	234	-12%
– from concessionaire sales	**103**	117	-12%
Total:	**308**	351	-12%

Citistore's Loss after Taxation

After deducting its operating expenses, Citistore recorded a loss after taxation of HK$20 million for the year ended 31 December 2024, as compared with a profit after taxation of HK$58 million for the previous year.

(II) Unicorn

During the year, Unicorn leveraged its existing channels to introduce more Japanese fruits and meats to its stores. It also expanded its range of imported food and household groceries. Various creative marketing activities, including "Bluefin Tuna Cutting Show", helped immerse local customers in Japanese food culture while showcasing Unicorn's commitment to offering high quality fresh food items. Additionally, popular eateries have been introduced in its stores, providing customers with novel and diverse dining options.

Unicorn's existing store network is as follows:

	Location	Total lettable area (square feet)
Department store-cum-supermarkets		
APITA	Cityplaza, Taikoo Shing, Hong Kong Island	118,691
UNY Lok Fu	Lok Fu Place, Lok Fu, Kowloon	70,045
Supermarkets		
UNY Yuen Long	KOLOUR • Yuen Long, New Territories	19,795
UNY Tseung Kwan O	MCP Central, New Territories	43,038
	Total:	**251,569**

Despite adverse market conditions, sales of own goods and consignment sales for the year ended 31 December 2024 increased by 4% year-on-year to HK$1,169 million. This was mainly due to the increased sales from APITA after the completion of a major renovation project in late 2023. The results of sales of own goods and consignment sales are as follows:

	For the year ended 31 December		
	2024 HK$ million	2023 HK$ million	Change
Sales of own goods	**864**	799	+8%
Consignment sales	**305**	322	-5%
Total:	**1,169**	1,121	+4%
Sales of Own Goods			
Gross profit (after netting the cost of inventories sold)	**231**	218	
Gross margin	**27%**	27%	
Consignment Sales			
Commission income	**65**	71	

Unicorn's Loss after Taxation

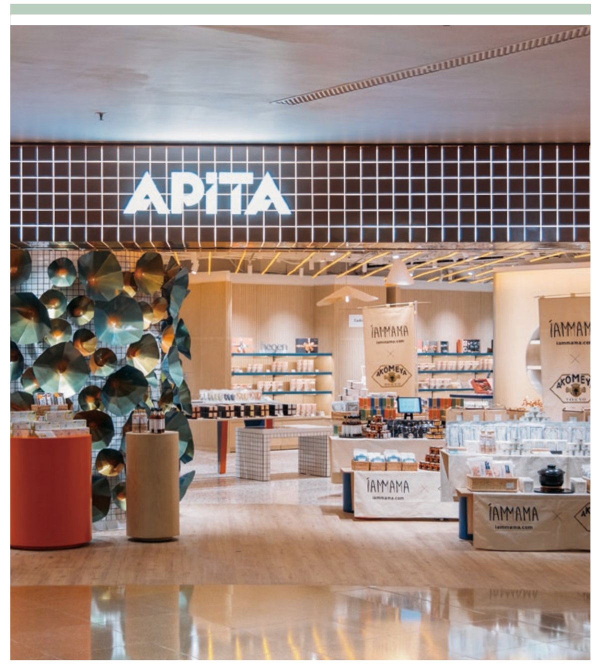
After deducting its operating expenses, Unicorn recorded a loss after taxation of HK$96 million for the year ended 31 December 2024 (2023: HK$120 million).

UNY, Yuen Long, New Territories

Performance

	For the year ended 31 December					
	2024 HK$ million			2023 HK$ million		
	Citistore	**Unicorn**	**Total**	Citistore	Unicorn	Total
Revenue						
Sales of own goods	**287**	**864**	**1,151**	319	799	1,118
Commission income from consignment sales	**205**	**65**	**270**	234	71	305
Commission income from concessionaire sales	**103**	**–**	**103**	117	–	117
Sales Proceeds						
Consignment sales	**698**	**305**	**1,003**	783	322	1,105
Concessionaire sales	**373**	**–**	**373**	440	–	440

The loss after taxation from Citistore and Unicorn amounted to HK$116 million in aggregate for the year ended 31 December 2024 (2023: HK$62 million). After taking into account other income and expenses, the Group's loss attributable to equity shareholders for the year ended 31 December 2024 amounted to HK$125 million (2023: HK$72 million).



APITA, Taikoo Shing, Hong Kong Island

Corporate Finance

As at 31 December 2024, the Group had no bank borrowings (2023: HK$Nil). Shareholders' loans to the Group amounted to HK$155 million (2023: HK$Nil). As at 31 December 2024, the Group's cash and bank balances amounted to HK$124 million (2023: HK$85 million).

Prospects

The Central Government's recent resumption and expansion of the multiple-entry Individual Visit Scheme, which allows Shenzhen residents to visit Hong Kong more conveniently and freely, will benefit the retail sector in Hong Kong.

Looking ahead, the Group will continue to scrutinise the performances of its stores, optimise the structure of its store network and strive for more favourable lease terms. In addition, the Group will focus on expanding the membership base for the newly integrated membership loyalty programmes. By leveraging the strength of an integrated information technology system to help understand customers' needs, the Group will adjust its merchandise mix and launch targeted promotional campaigns to enhance shopper engagement and increase patronage. Despite the ongoing challenges in the market, these strategies, combined with the ongoing consolidation of Citistore and Unicorn's merchandise sourcing and back office functions, are expected to lead to improvements in the Group's overall performance.

Passing of Founder

Dr the Honourable Lee Shau Kee, the founder of the Group, passed away on 17 March 2025. He had given invaluable contributions to the Company during his long service to the Board for 40 years. The Board would like to express its deepest sorrow on his passing.

Appreciation

I would like to take this opportunity to extend our appreciation to our fellow directors, and to thank all our staff for their commitment and hard work throughout the year.

Dr Lee Ka Shing
Chairman

Hong Kong, 20 March 2025

Corporate Culture, Business Model and Strategic Direction

The Group's retailing operation in Hong Kong became its sole business after its acquisition of the "Citistore" business was completed in December 2014. In May 2018, the Group acquired UNY (HK) Co., Limited (now renamed as "Unicorn Stores (HK) Limited") to expand its store coverage.

Corporate Culture

As a staunch advocate and steward of stringent ethical and governance standards, the Board strives to instill in the Group a corporate culture that fosters accountability, collaboration and employee well-being throughout its operations. Overseen by the Board and underpinned by the Group's "Customer First" attitude, the desired culture adheres and conforms to the Group's broader core values, business model and strategic direction. The wide-ranging policies, procedures and mechanisms established by the Board and the Group's various committees, particularly those regarding audit, remuneration, risk management and whistleblowing, support and lay the foundation for this culture, helping to sustain and advance it to greater effect.

Business Model

Strong brand

The retailing operation comprises five department stores operating under the name of "Citistore"; two stores-cum-supermarkets operating under the names of "APITA" and "UNY"; and two supermarkets operating under the name of "UNY" (collectively, "Unicorn Stores"). "Citistore", "APITA" and "UNY" are established brands with two of them having more than 30 years of operating track record, and are trusted among the consuming public in Hong Kong. With a strategic store location and diversified product range, the retailing operation provides an offering of daily necessities that generates relatively stable demand and turnover.

Membership programme

The integration of the membership loyalty programmes, namely CU APP and H • COINS, contributes the business of the stores of the Group. Members earn points when making purchases at all physical stores or from the Group's online shop. They can redeem products or coupons with membership points through online and offline channels. The Group offers members an array of promotions so as to closely connect with customers and enhance their loyalty. As such, CU APP provided a strong foundation for the Group's business development.

Strategic Direction

Strategic location

All the Group's stores are strategically located in well-established and densely-populated residential districts and are in close proximity to local transport hubs providing a balance of convenience and cost efficiency to customers. Such strategic store locations allow the Group's retailing business to penetrate its targeted consumer segment and in turn strengthen its competitive position in the market.

Effective merchandising strategy

One of the Group's merchandising strategies is to source and purchase quality products which are not commonly offered by its competitors. The procurement team pays regular visits to mainland China, Japan and other countries with a view to discovering new suppliers and new products which are attractive to its consumers. In addition, the contractual merchandising arrangement with UNY Japan as a supplier has broadened the range of Japanese products offered by the Group.

Diversified products and competitive prices

The Group's stores offer a diversified range of goods and merchandise, including apparel, cosmetics, housewares, foods and daily necessities. In particular, Unicorn Stores are renowned for the supply of high-quality fresh Japanese produce and foodstuffs, which enable customers to enjoy the convenience of a one-stop shopping experience for a wide variety of products at reasonable and competitive prices.

Financial Review

The following discussions should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2024.

Material acquisitions and disposals

The Group did not undertake any significant acquisition or disposal of assets or subsidiaries during the year ended 31 December 2024.

Results of operations

The Group recorded loss after tax attributable to equity shareholders in the amount of HK$125 million for the year ended 31 December 2024 (2023: HK$72 million). Analysis on the performance and information regarding the operations of the Group are set out in the section headed "Business Review" under the Chairman's Statement of the Company's annual report for the year ended 31 December 2024 (of which this Financial Review forms a part).

For the year ended 31 December 2024, the Group's loss from operations (including bank interest income but excluding finance costs on lease liabilities and borrowing costs) before taxation amounted to HK$109 million (2023: HK$51 million).

Leases have substantial impacts on the Group's operations as more particularly described below. Under HKFRS 16 *Leases*, the "practical expedient" is applicable to the short-term leases of a reporting entity whose expiry dates are within one year from the date of initial adoption of HKFRS 16 or lease commencement. In this regard, rental and related expenses recognised in the statement of profit or loss for the year ended 31 December 2024 amounted in aggregate to HK$116 million (2023: HK$113 million), which comprised amounts of HK$113 million (2023: HK$111 million) classified under "Direct costs" and HK$3 million (2023: HK$2 million) classified under "Administrative expenses".

For each tenancy lease of the Group other than the short-term leases in relation to which the "practical expedient" under HKFRS 16 has been applied (as mentioned above), the followings have been recognised:

- right-of-use assets in the statement of financial position measured at their carrying amounts (as if HKFRS 16 had been applied since the commencement date of the tenancy lease). Accordingly, depreciation charges on right-of-use assets recognised in the statement of profit or loss for the year ended 31 December 2024 amounted in aggregate to HK$258 million (2023: HK$234 million), which comprised amounts of HK$250 million (2023: HK$226 million) classified under "Direct costs" and HK$8 million (2023: HK$8 million) classified under "Administrative expenses"; and

- lease liabilities in the statement of financial position which are interest-bearing at the estimated incremental borrowing rate. Accordingly, finance costs on lease liabilities recognised in the statement of profit or loss for the year ended 31 December 2024 amounted in aggregate to HK$38 million (2023: HK$34 million).

Finance costs on bank borrowing

During the year ended 31 December 2024 and excluding the finance costs on the lease liabilities recognised by the Group under HKFRS 16, the Group incurred finance costs of HK$3 million (2023: HK$1 million) on bank borrowing which was fully repaid at 31 December 2024.

Financial resources, liquidity and loan maturity profile

At 31 December 2024, the Group did not have any bank borrowing (2023: Nil) other than the Group's lease liabilities recognised under HKFRS 16 of HK$666 million at 31 December 2024 (2023: HK$924 million), and had cash and bank balances of HK$124 million (2023: HK$85 million).

Based on the Group's cash and bank balances of HK$124 million at 31 December 2024, and taking into account the expected net cash inflows to be generated from operating activities, the Group's investments in unpledged listed securities which are realisable into cash and the banking facility available to the Group, as well as the advances from a fellow subsidiary which are unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and have no fixed repayment terms, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. At 31 December 2024 and 31 December 2023, the Group was not a contractual party to any arrangements in relation to any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure and foreign exchange rate exposure and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 31 December 2024 and 31 December 2023.

Charge on assets

Assets of the Group were not charged to any party at 31 December 2024 and 31 December 2023.

Capital commitments

At 31 December 2024, the Group had capital commitments in relation to fixed assets contracted but not provided for in the amount of HK$4 million (2023: HK$6 million).

Contingent liabilities

At 31 December 2024 and 31 December 2023, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 31 December 2024, the Group had 866 (2023: 962) full-time employees and 100 (2023: 115) part-time employees. Total staff costs for the year ended 31 December 2024 amounted to HK$257 million (2023: HK$277 million).

The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme and training programmes.

Five Year Financial Summary

		Year ended 31 December				
		2020	2021	2022	2023	2024
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Profit/(loss) for the year	1	127	34	5	(72)	**(125)**
		HK cents	HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share	1	4.2	1.1	0.2	(2.4)	**(4.1)**
Dividends per share	1	2.0	2.0	2.0	–	**–**

		At 31 December				
		2020	2021	2022	2023	2024
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Fixed assets		110	144	169	182	**127**
Right-of-use assets		552	413	681	888	**628**
Goodwill		1,072	1,072	1,072	1,072	**1,072**
Lease liabilities		674	502	745	924	**666**
Net asset value	1	1,347	1,324	1,270	1,173	**1,053**
		HK$	HK$	HK$	HK$	HK$
Net asset value per share	1	0.44	0.43	0.42	0.38	**0.35**

Note:

1. *The profits, earnings, dividends and net asset values shown or referred to above were all attributable to equity shareholders of the Company.*

Sustainability

Sustainability

1 About This Section

Reporting Year, Standard and Boundary

This Sustainability Report (the "Report") presents an annual update on the Group's sustainability initiatives, plans, and performance for 2024. It has been prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions outlined in the Environmental, Social and Governance ("ESG") Reporting Code under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX"). Covering the period from 1 January 2024 to 31 December 2024 (the "reporting year"), the Report provides a comprehensive overview of the Group's ESG management approach, governance structure, sustainability initiatives, and performance across its core operations in Hong Kong.

The Report also includes detailed descriptions and key statistics highlighting the Group's sustainability progress and achievements throughout the reporting year, reflecting our commitment to transparency and continuous improvement in ESG performance.

2 Sustainability Governance

Board Statement

Our Board of Directors (the "Board") provides oversight for the Group's overall ESG strategies and performance, ensuring alignment with our goals and commitments. The Board receives regular reports and updates from the Sustainability Committee on the progress of the Group's ESG initiatives, goals, and plans. The Sustainability Committee, which meets at least once a year, comprises an executive director and senior management members who offer strategic direction on ESG management, risk assessment, and disclosures. Supporting this effort, the ESG Working Group – composed of representatives from various departments – plays a pivotal role in coordinating the day-to-day execution of ESG strategies and implementing related initiatives.

To ensure accountability and transparency in risk management, the Group has adopted the "three lines of defence" model in its risk governance framework. This approach establishes clear responsibilities and integrates a top-down strategic perspective with a bottom-up operational process, enabling the effective identification, evaluation, and management of significant risks. While the Audit Committee is responsible for overseeing the Group's overall risk management and internal control systems, the Sustainability Committee focuses specifically on assessing ESG-related risks of strategic and financial importance. Prioritized risks, along with proposed mitigation plans, are reviewed and endorsed by the Board through the Sustainability Committee or other relevant committees.

This robust governance structure ensures that ESG risks are managed proactively and effectively, supporting the Group's long-term sustainability objectives. For more details on our corporate governance practices, risk management, and internal control systems, please refer to the Corporate Governance Report on pages 62 to 66 of this Annual Report.

Sustainability Policies

The Group remains steadfast in its commitment to continuously monitor, revise, and enhance our policies to strengthen ESG performance while staying aligned with the latest industry trends and stakeholder expectations. In addition to adhering to the Group policies of our parent company, Henderson Land Development Company Limited, we have developed and implemented key policies and procedures that reflect our dedication to sustainability and responsible governance. Approved by the Board, these policies articulate and define the core principles and values that guide the Group's operations and strategic direction.

Environmental	Social	Governance
Climate Change Policy	Anti-Corruption and Bribery Policy	Board Diversity Policy
Corporate Social Responsibility Policy	Business Ethics and Code of Business Conduct Policy	Dividend Policy
Environmental Policy	Health and Safety Policy	Inside Information Policy
	Human Rights and Equal Employment Opportunity Policy (Revised)	Nomination Policy
	Supplier Code of Conduct Policy (New)	Risk Management Policy
	Customers Services Code of Conduct Policy	Shareholders Communication Policy
	Director and Employee Remuneration Policy	

For details of the policies, please refer to https://www.hilhk.com/en/corporate/group-policies.shtml.

3 Stakeholder Engagement and Materiality Assessment

The Group maintains regular communication with our stakeholders to better understand their expectations regarding our ESG strategy and the sustainability issues most significant to them. Through a variety of communication channels, we actively engage with key stakeholder groups – including employees, customers, shareholders, suppliers, regulators, and the wider community – to review and update the topics that are material to our business operations. A summary of the methods we use to engage with our stakeholders is provided below:

Key stakeholders	Engagement channels	
Employees	• Daily briefing • Training • Performance appraisals	• Employee engagement activities • Sustainability stakeholder engagement survey • Whistleblowing channel
Customers	• Membership loyalty programme (CU APP) mobile apps and email communications • Corporate websites and social media platforms	• Omnichat (for CU APP member) • Customer service hotlines • Customer satisfaction survey • Sustainability stakeholder engagement survey
Suppliers and Vendors	• Regular supplier reviews • Service review meeting	• Supplier management
NGO Partners	• Collaborations on volunteer activities • Donations	• Community outreach

In 2024, the Group conducted a comprehensive stakeholder engagement and materiality assessment to prioritise sustainability topics most relevant to our business. This process involved a survey that gathered responses from 148 internal and external stakeholders, representing six key stakeholder groups. Respondents ranked 21 material sustainability topics based on their perspectives regarding the Group's economic, environmental, and societal impacts. Using the step-by-step materiality assessment approach outlined below, we identified the most critical ESG topics for disclosure. By collecting insights from a diverse range of stakeholders on our sustainability efforts, performance, and future strategies, we were able to identify key risks and opportunities, balance varying interests, and make well-informed decisions.

Stage 1

Identification

- Reviewed the sustainability issues of local, regional, and international peers to identify best practices and common industry standards.
- Conducted an online survey with internal and external stakeholders to rank the significance of various sustainability issues.

Stage 2

Prioritisation

Combined and analysed the results from the peer benchmarking exercise and stakeholder online survey to develop a prioritized list of sustainability issues, categorized by varying levels of materiality, for confirmation.

Stage 3

Validation and Evaluation

The Company's senior management reviews and validates the list of material sustainability topics and key performance indicators ("KPIs") for disclosure.

The table below outlines the sustainability topics identified as material, based on input from our internal and external stakeholders. These topics are addressed in the relevant sections of this Report:

Aspects	Material Issues
Environment	• Waste Management • Green Procurement • Energy Usage
Labour Practices	• Staff Training & Career Development • Working Conditions • Occupational Health & Safety • Diversity & Inclusion
Operating Practice	• Handling Product & Service Complaints • Anti-Corruption • Protection of Intellectual Property Rights • Protection of Customer Privacy • Marketing and Labelling • Supply Chain Management • Product & Service Health and Safety • Anti-Competitive Behaviour
Community	• Community Investment

4 Engaging Our Customers

The Group is dedicated to achieving high levels of customer satisfaction by regularly collecting customer feedback to gain a comprehensive understanding of their needs, this enables us to continuously improve our products and services.

Customer First

"Customer First" is a core business principle of the Group and reflects our unwavering commitment to delivering high-quality products and services. To embed this philosophy into our daily operations, we adhere to the "Three Qs Mission":

Quality Services	Quality Merchandise	Quality Lifestyle
We aim to offer quality services so that customers thoroughly enjoy shopping at our stores.	Our diversified merchandising mix provides customers with a wide choice of quality necessities at a reasonable price.	Our quality services and quality merchandise are intended to raise the standard of living of the general public.

To ensure a clean and comfortable shopping environment, our department stores and supermarkets undergo thorough cleaning before and after business hours. We also conduct ongoing monitoring of server rooms and air conditioning systems to maintain optimal indoor temperatures. Customer feedback is highly valued, and we offer multiple communication channels to facilitate interaction, including customer service hotlines, email, in-store service counters, and social media platforms such as Instagram and Facebook.

The Group has established a robust internal feedback system to ensure all customer concerns are addressed effectively. During the year, we received 65 letters of appreciation from customers, recognising our commitment to excellence in service. Simultaneously, we handled 178 complaints related to products or services. Each case was processed in accordance with our established internal procedures, with designated departments conducting investigations, communicating findings, and implementing improvement measures to resolve issues promptly.

Since 2020, the Group has implemented a Mystery Shopper Programme to evaluate employee performance and ensure that our department stores maintain exceptional service standards. This initiative reflects our dedication to continuous professional development for our employees and our commitment to delivering an outstanding shopping experience for our customers.

Case Study: Enhancing the Shopping Experience as an H • COINS Partner

During the year, the Group's department stores and online store officially partnered with the H • COINS Membership Programme under Henderson Land Development Company Limited. CU APP members can now accumulate H Coins in a unified e-wallet while shopping at APITA, Citistore, Citilife, GUU SAN, UNY, and the CU eShop.

This integration represents a significant milestone in enhancing the customer shopping experience while strengthening the synergy between the Group's operations and those of its parent company.

Product Responsibility

The Group strictly complies with all relevant laws and regulations, working closely with government departments, suppliers, and vendors to ensure that product quality meets the highest standards. We adhere to a comprehensive range of regulations, including the Sale of Goods Ordinance (Cap. 26), the Food Adulteration (Metallic Contamination) Regulations (Cap. 132V), the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W), the Pharmacy and Poisons Ordinance (Cap. 138), the Trade Descriptions Ordinance (Cap. 362), the Electrical Products (Safety) Regulation (Cap. 406G), the Toys and Children's Products Safety Ordinance (Cap. 424), the Consumer Goods Safety Ordinance (Cap. 456), the Consumer Goods Safety Regulation (Cap. 456A), the Supply of Services (Implied Terms) Ordinance (Cap. 457), and the Food Safety Ordinance (Cap. 612), to ensure that all products are safe and reliable.

In the event of any suspected product quality issue, we act swiftly to withdraw the relevant product and, where required, conduct product recalls in accordance with government instructions. During the year, the Group did not experience any product recalls due to health or safety concerns.

Beyond strict compliance with mandatory legal and regulatory requirements, the Group has established a comprehensive risk management framework to actively identify potential and emerging environmental and social risks. This mechanism includes conducting rigorous assessments of new suppliers, referencing market information and supplier reputations, requiring departmental heads to approve product laboratory test reports to ensure compliance with quality and safety standards, and performing thorough quality inspections upon the arrival of products at stores to ensure they meet the required specifications.

To deliver an exceptional shopping experience and uphold responsible marketing and promotional practices, the Group places a strong emphasis on shelf displays and inventory management. Products are displayed in a neat and organised manner, with essential information, such as brand name, product description, maintenance details, expiry dates, warning labels, and price tags, clearly communicated. This approach not only helps customers quickly locate desired products but also ensures a smooth and transparent shopping process, further enhancing customer satisfaction and overall experience.

The Group remains dedicated to meticulous product quality management, ensuring that customers receive safe, reliable, and high-quality products and services. By focusing on every detail, we continue to uphold our commitment to excellence and to building trust with our valued customers.

Customer Privacy and Cybersecurity

The Group places the utmost importance on protecting customer privacy and ensures that only the minimum necessary personal data is collected to support business operations. Personal data collected through the Citistore website, APITA/UNY website, CU APP membership programme, and other channels is securely stored using encrypted systems, safeguarded by the latest firewalls and antivirus software. Sensitive information within the CU APP is masked and restricted to authorised personnel only, further minimising the risk of data breaches.

To provide transparency, the Group has published Customer Privacy Policy[1,2,3] on its websites and apps, detailing clear guidelines for the collection, storage, and handling of personal data. Additionally, regular cybersecurity awareness training is conducted to strengthen employees' understanding of data protection and their ability to respond to emerging cyber threats. The Group actively monitors new cybersecurity risks and continually enhances its security measures in line with industry best practices, ensuring customers can shop in a safe and trusted digital environment.

During the year, the Group implemented a comprehensive upgrade of its cybersecurity systems, including the installation of next-generation firewalls, extended detection and response solutions, and email security gateways and enhancements to the employee two-factor authentication system and the adoption of strong password protocols to mitigate potential risks during customer communications. Our Customer Relationship Management (CRM) platform is certified through SOC 2 Type II external assessment and Mobile Application Security Alliance Level 3 certification, ensuring that sensitive information is securely processed in cloud environments.

The Group is fully committed to safeguarding customer privacy and data security by adhering strictly to the Personal Data (Privacy) Ordinance (Cap. 486). During the reporting year, no significant cybersecurity incidents or data breaches were recorded. By continuously investing in advanced cybersecurity measures and fostering a culture of data protection, the Group ensures the highest level of trust and security for its customers in the digital age.

Notes:

1. *Citistore's Privacy Policy is publicly available on its website at: https://www.citistore.com.hk/en/privacy_policy_chi/*
2. *APITA/UNY's Privacy Notice is publicly available on its website at: https://apitauny.com.hk/privacy-notice/?lang=en*
3. *CU APP's Privacy Policy is publicly available on its website at: https://www.cuapp.com/MyAccount/Privacy?lang=en-US*

5 Supply Chain Management

The Group is committed to promoting sustainable procurement and environmentally friendly practices in collaboration with its suppliers. Guided by the Environmental Policy, we strictly comply with all laws and regulations related to product responsibility. For consignment and concession counters, suppliers and vendors are required to possess all necessary licences, permits, and authorisations to ensure legal compliance. For consumer goods, including food products, suppliers must guarantee that their products are clean, hygienic, and uncontaminated. We work closely with supply chain partners to ensure the consistent delivery of high-quality goods while actively advocating for environmentally sustainable practices among stakeholders and business partners.

The Group strictly adheres to all relevant laws and regulations regarding intellectual property, including but not limited to the Copyright Ordinance (Cap. 528) and the Trade Marks Ordinance (Cap. 559). During the reporting year, there were no incidents of non-compliance with intellectual property regulations. We maintain a zero-tolerance policy regarding the unauthorised use of potentially copyright-infringing materials, such as software, music, and images.

Suppliers are required to submit product certificates and licences in accordance with relevant regulations to ensure that all goods sold at the Group's department stores are authentic. Special attention is given to consignment and concession counter products, ensuring that no counterfeit or infringing items are sold. All suppliers and vendors are bound by agreements with the Group, which explicitly state that they are fully responsible for any product defects or malfunctions, as well as for any infringement of patents, designs, trademarks, trade names, copyrights, or other intellectual property rights.

The Group has established stringent procedures and codes of conduct for handling major procurement activities, ensuring strict compliance with relevant laws and regulations, including the Competition Ordinance (Cap. 619). We are committed to eliminating any fraudulent practices in the procurement process. During the reporting year, no incidents of non-compliance were reported.

Through the implementation of these measures, the Group ensures compliance with all applicable laws and regulations, delivers high-quality products, and strengthens trust with customers and business partners. We remain dedicated to driving the sustainable development of our supply chain, ensuring that environmental and compliance requirements are consistently upheld. These efforts lay a solid foundation for the long-term growth and success of our business.

6 Conserving the Environment

The Group is committed to reducing the potential negative environmental impact of its business operations. Guided by the Group's Environmental Policy, we actively integrate environmental protection and energy-saving measures into our daily operations to promote sustainability.

We strictly comply with all relevant environmental laws and regulations, including the Air Pollution Control Ordinance (Cap. 311), the Waste Disposal Ordinance (Cap. 354), the Buildings Energy Efficiency Ordinance (Cap. 610), the Product Eco-responsibility Ordinance (Cap. 603), and the Product Eco-responsibility (Plastic Shopping Bags) Regulation (Cap. 603A). During the reporting period, the Group recorded no incidents of non-compliance with the aforementioned environmental laws and regulations, underscoring our commitment to environmental responsibility and regulatory compliance.

Climate Change

The impacts of climate change are becoming increasingly evident, with more frequent and intense extreme weather events occurring both locally and globally. Recognising the growing threat posed by climate change, we are committed to taking proactive measures to manage climate risks and mitigate their effects. Our dedication to minimising our carbon footprint is reflected in the implementation of effective strategies and initiatives across our operations. To enhance the efficiency of energy and fuel usage, we have intensified our efforts on optimizing resource use continuously reviews and refines relevant processes to drive sustainability.

To address the risks associated with climate change, the Group has introduced a series of mitigation measures, which include:

Climate-related Risks	Potential Impact	Mitigation Measures
Rise in average temperature	• Increased electricity and maintenance costs were incurred due to the heightened use of fan coils during the summer months.	• Monitor the indoor temperature closely and turn off all fan coils during nighttime. • Increase the number of fans in stores to enhance air circulation and maintain a cooler environment.
Increase in the occurrence of typhoons	• Damage to outdoor lightboxes poses safety risks to passersby and results in additional repair costs. • Temporary store closures.	• Review risk management plans regarding the impacts of typhoons on an annual basis. • Eliminate loose objects outside our stores during typhoons and collaborate with the management office of shopping malls to improve the protection of potentially damaged items within our premises.
Rise in the frequency of rainstorms	• Slippery floors in the stores resulting in injuries to employees and customers. • Damage to inventories located at lower levels as a result of flooding. • Interruption to store operating hours.	• Review risk management plans on an annual basis concerning the impacts of rainstorms. • Coordinate with the property management office to closely monitor the conditions of drainage pipes to prevent flooding in our stores.

Energy Usage and Greenhouse Gas Emissions

The Group is dedicated to enhancing energy efficiency and reducing energy consumption across its operations. To support this, we have established an internal guideline, providing employees with clear energy-saving instructions. Staff are required to activate fan coil units only when necessary and to switch off electrical appliances such as computers, air conditioning, and lighting when not in use. Indoor temperatures across all stores are carefully monitored and maintained at 25°C, striking a balance between cooling needs and energy conservation. Energy-saving reminder labels are also displayed in stores to encourage employees to adopt energy-efficient practices, fostering sustainable operational management.

To further improve energy management, the operations teams of Citistore and Unicorn regularly review monthly electricity reports to monitor energy consumption across all stores. In the event of abnormal electricity usage, frontline staff are immediately notified to address the issue and implement measures to minimise energy waste.

The Group actively supports environmental sustainability in equipment procurement by only purchasing appliances with Grade 1 energy efficiency labels under the Electrical and Mechanical Services Department's Mandatory Energy Efficiency Labelling Scheme. For lighting systems, newly opened stores are fully equipped with LED lighting, while existing stores progressively replace traditional lighting with LED fixtures during renovation and maintenance projects to reduce energy consumption.

With regard to carbon emissions reduction, Citistore participated in a carbon offset programme initiated by an international energy group during the reporting period. Through this programme, the energy group made donations to reforestation projects based on the fuel consumption of our vehicle fleet, thereby offsetting the carbon emissions generated by fleet operations.

The Group remains steadfast in its commitment to energy conservation and emissions reduction. Through a range of targeted initiatives, we aim to minimise the environmental impact of our business operations while contributing to sustainable development.

Emission Reduction Target: Reduce carbon intensity by 15% per square foot of shop area by 2030 compared to 2023 baseline.

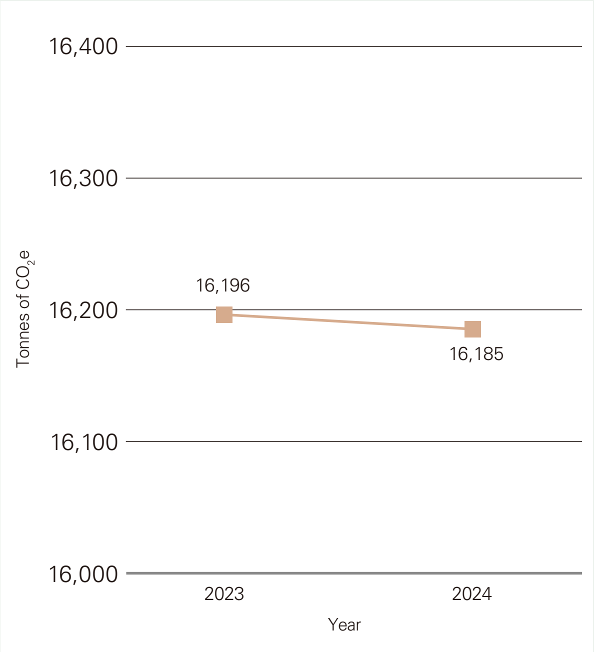
Packaging Materials

Minimising the use of plastic shopping bags is a key focus of the Group's efforts to reduce its environmental impact. To support this initiative, we offer durable and reusable shopping bags, encouraging customers to adopt more sustainable shopping habits.

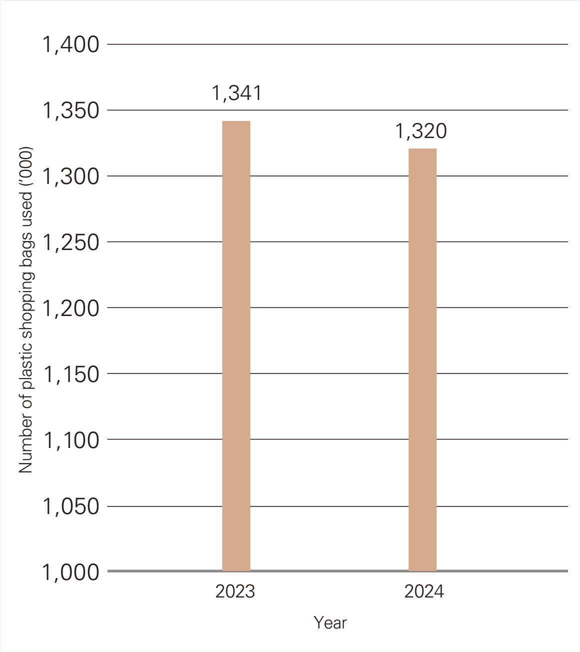
Benefiting from the government-mandated Plastic Shopping Bag Charging Scheme and additional measures such as ceasing the provision of plastic bags for frozen or chilled food purchases, the Group achieved a 1.5% year-on-year reduction in the use of shopping bags across its stores during the reporting period compared to 2023.

Looking ahead, we will continue to promote eco-friendly packaging solutions and engage customers through a variety of awareness and educational campaigns. By working together with our customers, we aim to contribute to environmental protection and the achievement of sustainable development goals.

Scope 1 and 2 Greenhouse Gas Emissions



Plastic Shopping Bag Usage



Waste Reduction Target: Gradually phase out the usage of plastic bags across the Group's retail network by 2050.

Waste Management

The Group is committed to waste recycling and minimising waste generation through a range of proactive measures incorporated into its operations. Employees are encouraged to follow paper recycling guidelines, and Programme for the Endorsement of Forest Certification certified paper is used in offices to gradually reduce paper consumption, with the ultimate goal of achieving long-term paperless operations.

In addition to paper, other resources such as cardboard boxes and electronic devices are also recycled. Cardboard boxes are reused or recycled by the Property Management Department based on operational needs, while electronic devices are either recycled by authorised organisations or donated to individuals in need. To ensure proper waste sorting and recycling, our stores maintain daily communication with cleaning service contractors to separate cardboard from general waste for appropriate recycling. Moreover, decorations and exhibition stands used during festivals and events are reused whenever possible, and the lifespan of furniture and fittings is extended to minimise unnecessary waste.

156,058kg

of paper (including cardboard boxes) is recycled from the Group in 2024

186pieces

of electronic equipment recycled from the Group in 2024

The Group also continues to collaborate with Greeners Action in the annual Red Packet Recycling and Reuse Programme during the Lunar New Year. To raise awareness of environmental protection, collection points are set up in stores to encourage customers and employees to recycle used and leftover red packets. Intact red packets are repackaged for reuse, while the rest are processed for recycling. In 2024, the Group collected a total of 817 kilograms of red packets, which were handed over to Greeners Action for proper handling, contributing positively to environmental conservation.

The Group remains committed to implementing comprehensive sustainability measures to ensure effective resource management in its operations and to collaborating with stakeholders to drive environmental initiatives.

Water Management

We take proactive action in saving our precious water resources. High-efficiency fixtures were installed in our Citistore, Newmarket, and Unicorn as a measure to enhance efficiency. In Unicorn, flow controllers that met the standard as defined by the Water Supplies Department were installed, effectively regulating water flow and reducing water usage to achieve the goal of sustainable water resource management.

7 Nurturing Our People

Caring for the well-being of our employees has always been a top priority for the Group. We are equally committed to fostering a harmonious, non-discriminatory, and inclusive workplace that promotes equal opportunities and collaboration. To uphold these principles, we have established fair and structured recruitment guidelines to ensure transparency and impartiality in our hiring processes. Through stringent recruitment procedures, we also ensure compliance with labour laws, preventing the employment of child or forced labour.

During the reporting year, the Group fully complied with all applicable laws and regulations relating to recruitment, employment practices, promotions, working hours, leave entitlements, equal opportunities, diversity, anti-discrimination, and employee benefits. These include the Employment Ordinance (Cap. 57), the Employees' Compensation Ordinance (Cap. 282), the Minimum Wage Ordinance (Cap. 608), and the Mandatory Provident Fund Schemes Ordinance (Cap. 485). Notably, no cases of non-compliance were identified during the reporting year.

Diversity, Inclusion, and Equality

We are committed to creating a workplace free from bias and discrimination, where every employee can realise their potential in an environment of fairness and respect. All employees are protected under the Group's anti-discrimination policies, ensuring that recruitment, employment, and performance evaluations are based on merit and qualifications, without regard to gender, race, age, religion, disability, or family status.

The Group strictly adheres to all relevant anti-discrimination laws and regulations, including the Sex Discrimination Ordinance (Cap. 480), the Disability Discrimination Ordinance (Cap. 487), the Family Status Discrimination Ordinance (Cap. 527), and the Race Discrimination Ordinance (Cap. 602). No instances of non-compliance with these regulations were reported during the period.

As an equal opportunity employer, we actively provide suitable employment opportunities for individuals with special needs. During the reporting year, we collaborated with the Shine Skills Centre under the Vocational Training Council to offer part-time positions at our Central Distribution Centre for the Centre's graduates. This partnership included a range of supportive initiatives, such as workplace anti-discrimination briefing sessions for existing employees and step-by-step onboarding guidance for the graduates.

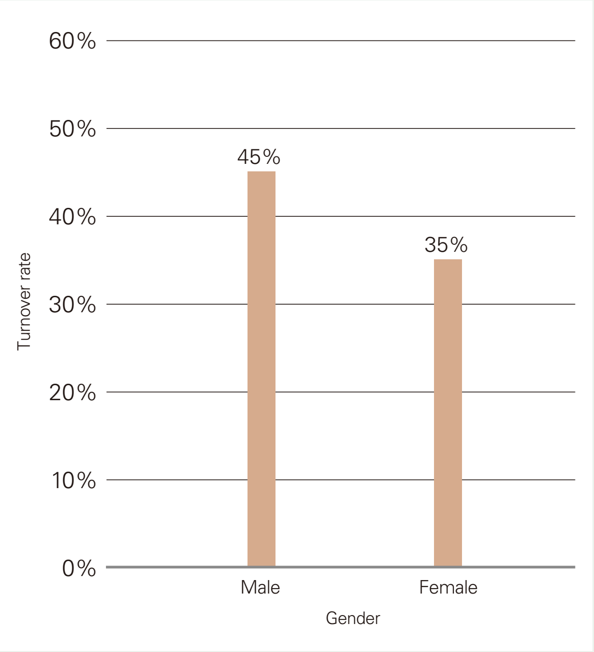
This collaboration not only provided valuable commercial workplace experience for the graduates to prepare them for the job market but also achieved a mutually beneficial outcome. Over the long term, the initiative helps address labour shortages in the market while reinforcing our reputation as a responsible employer.

Focus on Employee Well-being

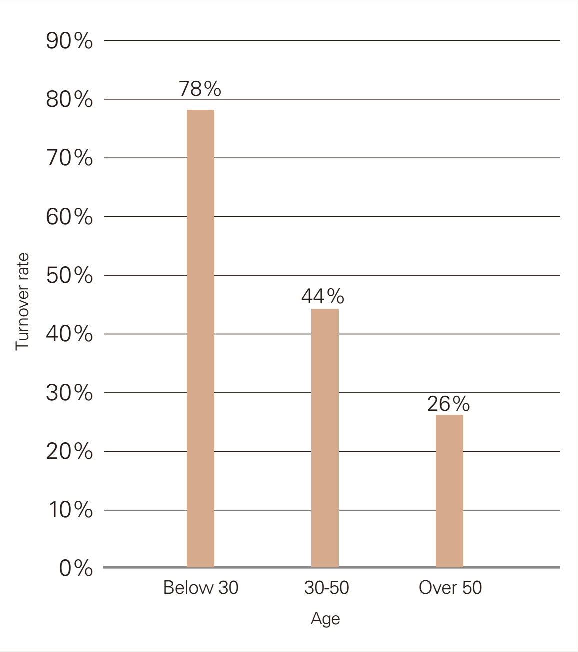
To attract and retain top talent, the Group offers competitive remuneration packages alongside a range of additional benefits. These include employee shopping discount schemes, marriage leave, compassionate leave, and mandatory provident fund retirement protection. Furthermore, medical insurance is extended to the spouses and children of senior staff at Citistore and Newmarket, reflecting our strong commitment to the well-being of employees and their families. We have also introduced various initiatives to enhance workplace well-being and support employees in achieving a healthy work-life balance. For instance, the Group organises regular team-building activities and monthly employee events, such as annual gatherings, Mid-Autumn Festival and Christmas parties. These activities are designed to boost morale, strengthen interpersonal relationships, and foster a culture of care within the organisation.

To recognise and appreciate employee contributions, we have launched an Appreciation Programme, enabling management to express their encouragement and appreciation by issuing thank-you cards to employees. This initiative not only acknowledges the dedication of our workforce but also strengthens mutual support and trust between the Group and its employees.

Employee Turnover Rate by Gender



Employee Turnover Rate by Age



Occupational Health and Safety

The Group places the utmost importance on occupational health and safety, striving to provide a safe and healthy working environment for all employees. We strictly comply with all occupational health and safety regulations in Hong Kong, including the Occupational Safety and Health Ordinance (Cap. 509) and the Occupational Safety and Health Regulation (Cap. 509A). Comprehensive safety training materials are provided to all new employees upon onboarding, and all employees are covered by employee compensation insurance. The Group's occupational health and safety policies are clearly outlined in the Employee Handbook, offering clear guidance to employees.

During the reporting year, the Group continued its collaboration with the Labour Department's Integrated Services Group (Occupational Health Service) to conduct workplace safety inspections across our stores. No cases of non-compliance were identified. To enhance employees' awareness of workplace health and safety, we conducted various training programmes for both frontline and back-office staff. These included specialised sessions on goods handling and proper use of ladders. Additionally, safety notices and guidelines were prominently displayed in various workplace locations to remind employees of the relevant safety protocols.

The Group has established a comprehensive occupational health and safety management system to monitor and control renovation activities. Regular Occupational Health and Safety Management Committee meetings are held to conduct on-site safety audits and inspections, as well as to organise targeted safety training sessions. These measures ensure that the health and safety performance at construction sites consistently meets high standards.

A robust reporting mechanism is in place to handle workplace injury cases. In the event of an injury, the injured employee, any witnesses, and the store manager are required to complete an incident report form, which is then submitted to the Human Resources Department. If necessary, the incident is reported to the Labour Department, and further actions are taken. Furthermore, the Human Resources Department conducts regular store inspections to assist employees in identifying potential work-related injury risks. Store employees are required to submit detailed risk reports, which are promptly reviewed by the Human Resources Department. Investigations are then conducted, and corrective measures are swiftly implemented to address the identified issues. This comprehensive management approach reflects the Group's unwavering commitment to maintaining a safe and healthy working environment for all employees.

Occupational health and safety target: To minimise number of work injury cases through regular training workshops and drills to enhance safety awareness of employees.

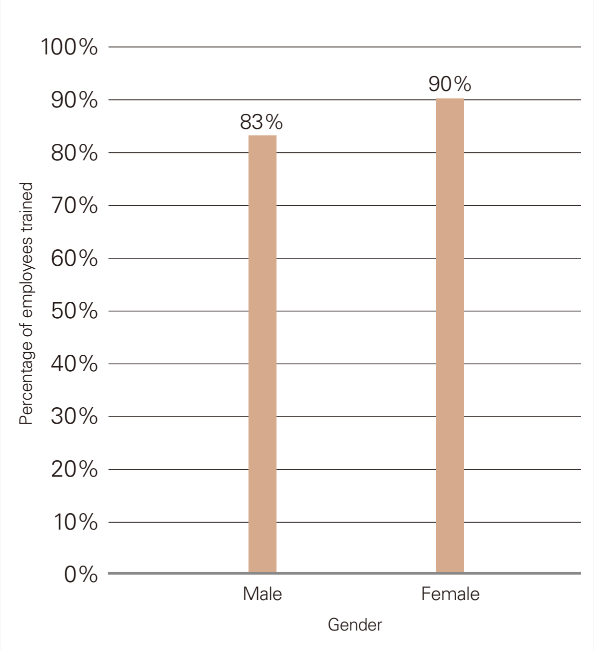
Development and Training

The Group places great importance on providing comprehensive training programmes to facilitate employees' career development and enhance their professional skills. Since 2022, Citistore has launched the Service Ambassador Programme, which includes the establishment of a pioneer service team aimed at improving employees' service capabilities while fostering a positive and uplifting work environment. Ambassadors are assigned to various departments to act as role models, inspiring their colleagues through positive influence and exemplary performance.

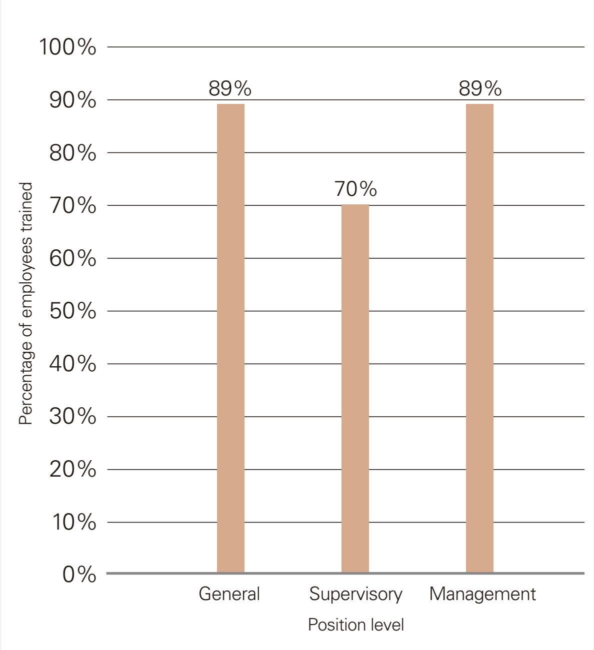
In addition, we organise coaching skills workshops specifically designed for supervisors at different levels. These workshops aim to enhance their coaching and communication skills, thereby promoting team collaboration and improving overall workplace efficiency. Employees are also offered professional training covering areas such as product knowledge, customer service techniques, and sales skills, ensuring they are well-equipped to deliver exceptional service to our customers.

Since 2023, the Group formally launched the Talent Training Programme, which equips employees with essential tools and skills, such as effective time management strategies, leadership capabilities, and communication techniques, to further enhance overall productivity. Simultaneously, we introduced the Retail Management Trainee Programme, tailored for the retail industry, to identify and nurture future leaders in the sector. Trainees participating in the programme gain in-depth exposure to all aspects of retail operations, accumulating valuable experience in various retail and office departments. Throughout the programme, supervisors conduct comprehensive evaluations of the trainees' performance to ensure their potential and capabilities are fully recognised.

Percentage of Employees Trained by Gender



Percentage of Employees Trained by Position Level



Ethics and Integrity

The Group is committed to maintaining the highest standards of ethical conduct and integrity in all aspects of its operations, fostering a corporate culture of transparency, fairness, and accountability. All employees are required to adhere strictly to the guidelines outlined in the Staff Handbook and the Group's Anti-Corruption and Bribery Policy, which are designed to prevent any form of bribery, extortion, fraud, or money laundering. Furthermore, employees are expressly prohibited from accepting any gifts from suppliers or contractors to safeguard impartiality and transparency in business dealings.

To enhance employees' understanding of business ethics, we collaborate with the Independent Commission Against Corruption ("ICAC") to organise anti-corruption seminars and training sessions. These initiatives aim to equip employees with the knowledge and tools needed to maintain high ethical standards in their daily work and effectively address potential ethical challenges.

The Group has also implemented a transparent and well-structured Whistleblowing Policy, which clearly outlines the grievance procedures and provides a secure channel for stakeholders, including employees, to report any misconduct or irregularities. All reported cases are handled with strict confidentiality to protect whistleblowers from retaliation or harm. These cases are thoroughly investigated by designated personnel to ensure issues are properly addressed and resolved.

During the reporting year, the Group recorded no incidents of bribery, extortion, fraud, or money laundering. We maintained full compliance with all relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

8 Caring for Our Community

As an active and responsible member of the community, we are deeply committed to giving back to society. Beyond providing financial donations to community organizations, we actively encourage our employees to participate in volunteer activities centred on poverty alleviation and environmental conservation, taking practical actions to promote social welfare and sustainable development. Citistore and APITA/UNY received the Caring Company award for five consecutive years and four consecutive years, respectively, recognising of our efforts in fulfilling corporate social responsibilities.

The table below highlights our key community programmes and the resources contributed by the Group in 2024:

Organisations/Beneficiaries	Programmes	Engagement activities/ Contributions
Greeners Action	Lai See Reuse and Recycle Program 2024	• Collected and delivered a total of 817kg of red packets to Greeners Action for repurposing and recycling • Donated a total of HK$29,000 to Greeners Action to support the programme
S.K.H St. Christopher's Home	Love Chocolate Charity Sale 2024	• Listed related chocolates to consolidate donated proceeds to the charity for supporting the Home's children
Two local kindergartens in Tsuen Wan and Yuen Long	Citistore Tsuen Wan and Yuen Long opened its stores to kindergartens students for experimental learning	• Around 26 students paid visit to Citistore Tsuen Wan and Yuen Long store
Caritas Community Centre (Tsuen Wan)	Pre-X'mas Sending Love to the Elders	• Sponsored 100 goodie bags and visited solidarity elders at homes or arrange as a pre-Christmas party
Hong Kong Association for Cleft Lip and Palate	CU APP Fundraising Program for Cleft Lip and Palate Patients	• Raised HK$6,300 for supporting services to cleft lip and palate patients and their families

9 Sustainability Performance

Environmental Performance

HKEX KPI	Unit	2024	2023
A. Environmental			
Greenhouse gas emissions[1]			
Scope 1 emissions	tCO2e	7,184	7,342[2]
Scope 2 emissions	tCO2e	9,001	8,854
Scope 1 & 2 emissions	tCO2e	16,185	16,196[2]
Scope 1 & 2 GHG emission intensity	tCO2e/Sq. ft of Shop Area	0.025	0.027[2]
Total non-hazardous waste generated and recycled			
Paper (including cardboard boxes)	kg	156,058	157,544
Food waste	kg	98,858	93,134
Total waste generated	kg	254,916	250,678
Waste generated intensity	kg/Sq. ft of Shop Area	0.40	0.41
Energy consumption			
Diesel	kWh	165,752	169,745
Petrol	kWh	20,070	21,467
Electricity	kWh	19,629,755	19,289,194
Total energy consumption	kWh	19,815,577	19,480,406
Energy consumption intensity	kWh/Sq. ft of Shop Area	31	32
Water consumption			
Water consumption	m^3	82,710	77,806
Water consumption intensity	m^3/Sq. ft of Shop Area	0.13	0.13
Packaging material used			
Plastic shopping bags consumed	Piece	1,320,427	1,341,159

1 *We referred to Appendix 2: Reporting Guidance on Environmental KPIs under "How to Prepare an ESG Report" released by the Stock Exchange and "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong" released by The Government of the Hong Kong Special Administrative Region for the calculation of our Scope 1 and Scope 2 emissions.*

2 *Adhering to the reporting principles of consistency, we adjusted our calculation for 2023 Scope 1 emissions, Scope 1 & 2 emissions and Scope 1 & 2 GHG emission intensity to align with that in 2024 to allow for meaningful comparison of data over time.*

Social Performance

HKEX KPI	2024	2023
B. Social		
Employment		
Total Workforce		
By gender		
Male	216	247
Female	750	830
By employment type		
Full-time	866	962
Part-time	100	115
By age group		
Aged below 30	64	97
Aged 30-50	417	508
Aged over 50	485	472
By position level		
Management	83	99
Supervisory	27	52
General	856	926
By geographical location		
Hong Kong	966	1,077
Turnover rate (%)		
By gender		
Male	45%	50%
Female	35%	53%
By age group		
Aged below 30	78%	110%
Aged 30-50	44%	45%
Aged over 50	26%	49%
By geographical location		
Hong Kong	37%	52%

Health and Safety	2024	2023	2022
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0%	0%	0%
Lost days due to work injury (days)	852	615	712

Training and Development	2024	2023
Average training hours (hour)		
By gender		
Male	4.0	3.6
Female	1.4	2.2
By position level		
Management	1.8	6.6
Supervisory	1.9	2.2
General	2.0	2.1
Percentage of trained employees (%)		
By gender		
Male	83%	74%
Female	90%	67%
By position level		
Management	89%	86%
Supervisory	70%	81%
General	89%	66%

Product Responsibility		
Number of products and service-related complaints	178	203

Supply Chain Management		
Number of suppliers by geographical location		
Hong Kong	2,655	2,563
China	9	4
Overseas	49	70

10 ESG Reporting Code Content Index

Environmental		Section in Report/Remarks	Page no.
A1 Emission			
A1 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Conserving the Environment During the reporting year, there were no confirmed incidents of non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	29-32
A1.1	The types of emissions and respective emissions data.	Due to the business nature of the Group, NO_X, SO_X and PM emissions are considered immaterial.	/
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to the business nature of the Group, hazardous waste is considered immaterial.	/
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Performance	38
A1.5	Description of emission target(s) set and steps taken to achieve them.	Conserving the Environment – Energy Usage and Greenhouse Gas Emissions	30
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Conserving the Environment – Waste Management	31-32

Environmental		Section in Report/Remarks	Page no.
A2 Use of Resource			
A2 General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Conserving the Environment	29-32
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Sustainability Performance	38
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Sustainability Performance	38
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Conserving the Environment – Energy Usage and Greenhouse Gas Emissions	30
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Conserving the Environment – Water Management All water consumed by our operations comes from municipal water supplies, there were no issues related to sourcing water that was fit for purpose.	32
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Conserving the Environment – Packaging Materials, Sustainability Performance	30-31, 38
A3 The Environment and Natural Resources			
A3 General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Conserving the Environment	29-32
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Conserving the Environment	29-32

Social		Section in Report/Remarks	Page no.
B1 Employment			
B1 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Nurturing Our People	32-35
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Sustainability Performance	39
B1.2	Employee turnover rate by gender, age group and geographical region.	Sustainability Performance	39
B2 Health and Safety			
B2 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Nurturing Our People – Occupational Health and Safety During the reporting year, there were no confirmed incidents of non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	34-35
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Sustainability Performance	40
B2.2	Lost days due to work injury.	Sustainability Performance	40
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Nurturing Our People – Occupational Health and Safety	34-35

Social		Section in Report/Remarks	Page no.
B3 Development and Training			
B3 General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Nurturing Our People – Development and Training	35
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Sustainability Performance	40
B3.2	The average training hours completed per employee by gender and employee category.	Sustainability Performance	40
B4 Labour Standards			
B4 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Nurturing Our People The Group has set up rigorous recruitment procedures to strictly prohibit the employment of children and forced labour in accordance with the Employment Ordinance (Cap. 57). In 2024, no relevant cases of non-compliance were recorded.	32-35
B4.1	Description of measures to review employment practices to avoid child and forced labour.		
B4.2	Description of steps taken to eliminate such practices when discovered.		
B5 Supply Chain Management			
B5 General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	28
B5.1	Number of suppliers by geographical region.	Sustainability Performance	40
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	28
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	28
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	28

Social		Section in Report/Remarks	Page no.
B6 Product Responsibility			
B6 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Engaging Our Customers – Product Responsibility	26
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the reporting year, there was no relevant cases of product recall for safety and health reasons.	/
B6.2	Number of products and service-related complaints received and how they are dealt with.	Engaging Our Customers – Customer First	24
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Supply Chain Management	28
B6.4	Description of quality assurance process and recall procedures.	Engaging Our Customers – Product Responsibility	26
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Engaging Our Customers – Customer Privacy and Cybersecurity	27
B7 Anti-corruption			
B7 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Nurturing Our People – Ethics and Integrity	36
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting year and the outcomes of the cases.	During the year, there were no legal actions or fines related to breaches of anti-corruption or anti-competitive practices were brought against the Group or its employees.	/
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Nurturing Our People – Ethics and Integrity	36
B7.3	Description of anti-corruption training provided to directors and staff.	Nurturing Our People – Ethics and Integrity	36

Social		Section in Report/Remarks	Page no.
B8 Community Investment			
B8 General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for Our Community	37
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Caring for Our Community	37
B8.2	Resources contributed (e.g. money or time) to the focus area.	Caring for Our Community	37

Effective 1 January 2025, the Hong Kong Stock Exchange implemented new regulations under the ESG Reporting Code, repealing Aspect A4 and Key Performance Indicator A1.2 related to climate-related disclosures ("Relevant Climate-related Disclosures"). However, the Relevant Climate-related Disclosures remain applicable to the Group's reporting requirements for the reporting year.

Environmental		Section in Report/Remarks	Page no.
A1 Emission			
A1.2	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Sustainability Performance	38
A4 Climate Change			
A4 General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Conserving the Environment – Climate Change	29
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Conserving the Environment – Climate Change	29

Corporate Governance Report

The Company acknowledges the importance of good corporate governance practices and procedures and regards a preeminent board of directors, sound risk management and internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company is committed to operating its businesses in full compliance with all applicable rules and regulations, and codes and standards, while upholding our ethos of being highly accountable and transparent.

Corporate Governance Code

During the year ended 31 December 2024, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company to let Dr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Dr Lee's in-depth expertise and knowledge in business and the Group. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

Board of Directors

Responsibilities of and Support for Directors

The Board nourishes the Company's culture and strives to promote the desired culture at the Company, and ensures it aligns with the Company's purpose, values and strategy. The details of the Company's corporate culture, business model and strategic direction are set out on pages 12 and 13 of this Annual Report.

The Board has the responsibility for managing the Company, which includes formulating a corporate strategy and a long term business model, directing and supervising the Company's affairs, approving the Company's financial reports and the relevant results announcements, considering dividend policy and approving the issue, allotment or disposal, or grant of options, in respect of securities or debentures of the Company. It is also responsible for performing the corporate governance duties and reviewing the effectiveness of the risk management and internal control systems which include reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's environmental, social and governance ("ESG") performance and reporting. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations and implementation of the above matters to the Board's standing committee (the "Standing Committee") and, where appropriate, other specific committees.

The day-to-day management, administration and operation of the Company are delegated to the management team. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

Every Director ensures that he/she gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his/her appointment the directorships held in listed companies or nature of offices held in public organisations and other significant commitment, with the identity of such listed companies or public organisations. The Company has also requested Directors to provide in a timely manner any change on such information. Each Director is also required to disclose to the Company his/her time commitment. The details of the Directors' time commitment are disclosed under the sub-paragraph "Directors' Time Commitment and Training" below.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of code provisions amendments in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The Independent Non-executive Directors may, after making a request to the Board, take independent professional advice at the Company's expense in carrying out their functions.

Board Composition

The Board currently comprises nine members:

Executive Directors

Dr Lee Ka Shing *(Chairman and Managing Director)*
Dr Lee Ka Kit *(Vice Chairman)*
Dr Lam Ko Yin, Colin *(Vice Chairman)*
Li Ning
Chen Fok Lan
(appointed on 16 July 2024)

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

The biographical details of the Directors are set out on pages 89 to 92 of this Annual Report. Dr Lee Ka Shing is the brother of Dr Lee Ka Kit and the brother-in-law of Mr Li Ning. Save as aforesaid, none of the members of the Board is related to one another. A List of Directors and their Roles and Functions is available on the Company's website.

The Board comprises male and female Directors with diverse backgrounds and/or extensive expertise in the Group's businesses. The Board also has a balanced composition of Executive and Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board considers that each of the Independent Non-executive Directors brings his own relevant expertise to the Board.

The Board has established mechanisms to ensure that independent views are available to the Board. The full text of the mechanisms is available on the Company's website and a summary of which is set out below:

(1) Composition

The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, Independent Non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(2) Independence Assessment

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgement.

(3) Compensation

No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(4) Board Decision Making

Directors (including Independent Non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including Independent Non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors as mentioned in item (1) above.

The Company has received confirmation in writing of independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

Appointment and Re-election of Directors

The Board is empowered under the Company's Articles of Association ("Articles") to appoint any person, as a Director, either to fill a casual vacancy on or to be an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and exercise reasonable care, skill, and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Company's Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision.

In accordance with the Articles, new appointments to the Board are subject to re-election at the next following annual general meeting of the Company ("AGM"). Furthermore, nearest one-third of the Directors shall retire from office by rotation but are eligible for re-election at the AGM. The Board will ensure that every Director (including every Independent Non-executive Director) is subject to retirement by rotation at least once every three years. Each Director was appointed by a letter of appointment setting out the key terms and conditions of his/her appointment.

Ms Chen Fok Lan ("Ms Chen") was appointed as an Executive Director with effect from 16 July 2024. In addition, given that all the existing Independent Non-Executive Directors of the Company had served on the Board for more than nine years, the Board on 20 March 2025 approved the appointment of Ms Helen Zee ("Ms Zee") as an Independent Non-Executive Director with effect from 21 March 2025 for complying with the Listing Rules requirement. The Company provided them with a tailored induction on their appointments and information relating to duties and responsibilities of directors under statutory regulations and the Listing Rules. In particular, Ms Chen and Ms Zee obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 28 June 2024 and 12 March 2025 respectively, and had confirmed that they understood their obligations as a director of a listed issuer.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Mr Au Siu Kee, Alexander ("Mr Au"), an Independent Non-executive Director, has the following directorships which fall within the independence guideline in Rule 3.13(7) of the Listing Rules:

(1) Mr Au is currently the chairman and a non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"), a subsidiary of Henderson Land Development Company Limited ("HLD"), the holding company of the Company, and the manager of the publicly-listed Sunlight Real Estate Investment Trust ("Sunlight REIT"). Sunlight REIT is regarded as a core connected person of the Company for the purpose of the Listing Rules. As Mr Au plays a non-executive role in HSAM, and Sunlight REIT is not a subsidiary of either of the Company or HLD, the Company considers that such non-executive role in HSAM has no bearing on Mr Au's independence.

(2) Mr Au is currently also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, an associated company of HLD. As a non-executive director, Mr Au has not taken part in the day-to-day management of and has had no executive role in such company. The Company considers that Mr Au's role in such company has no impact on his independence as an Independent Non-executive Director of the Company.

Board Meetings

Number of Meetings and Directors' Attendance

The Board meets from time to time and at least four times a year to discuss and exchange ideas on the affairs of the Company. During the year ended 31 December 2024, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to determine whether to pay dividends, to consider the assessment results of the board performance evaluation, to approve continuing connected transactions in relation to a joint promotion agreement, to discuss significant issues and the general operation of the Company, and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 58.

During the year, the Independent Non-executive Directors held a meeting among themselves. In addition, the Chairman held a meeting with the Independent Non-executive Directors without the presence of other Directors in accordance with the CG Code.

Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board/committee meetings.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board and committee meetings. Draft minutes are circulated to Directors for comment within a reasonable time after each board meeting and the final signed version is open for Directors' inspection with copies sent to all Directors for their records.

Conflict of Interest

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by video conference will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Articles, such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum. The Company was not aware of any case of breach of conflict of interest by the Directors during the year.

Board Performance

Board performance evaluation in respect of the year ended 31 December 2023 had been conducted in 2024. Based on the performance evaluation results, the Directors are satisfied with the performance of the Board and acknowledged that the Board plays an effective role in the development and determination of the Group's corporate culture, strategic direction and overall business objectives. It is intended to carry out such board performance evaluation once every two years and the next evaluation is expected to be conducted in 2026.

Director's and Officer's Liability Insurance

The Company has in place director's and officer's liability insurance to indemnify the Directors and senior management against any potential liability arising from the Company's business activities which such Directors and senior management may be held liable.

The Company also keeps Directors indemnified against any claims to the fullest extent permitted by the applicable laws and regulations arising out of the Directors' proper discharge of duties except for those attributable to any gross negligence or wilful misconduct.

Directors' Time Commitment and Training

Each Director had ensured that he/she had given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company of any change of such information in a timely manner. Other details of Directors, including their directorships held in listed public companies in the past three years, are set out in the biographical details of Directors on pages 89 to 92 of this Annual Report.

During the year, presentations for the Board on "geopolitical risks affecting Hong Kong and the Mainland" and "sustainable and intelligent building technology and practices", and in-house briefings on various topics at monthly managers meetings where Executive Directors attended were arranged. Legal and regulatory updates are provided from time to time to the Directors for their reading. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge in discharging their duties as a director. On a regular basis, information on seminars organised by professional bodies is provided to the Directors, and the seminar enrolments are handled by the Company Secretarial Department.

The Group observes a strict code of ethics in all spheres and has no tolerance for any form of corruption or other misconduct, and recognises that the overall responsibility for risk management lies with the Board. In order to reinforce awareness of our Directors on preventing corruption and their knowledge on risk management, we regularly provide anti-corruption and risk management training for all Directors which include legal and regulatory updates as well as anti-corruption and risk management training materials made by the Independent Commission Against Corruption.

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2024 which included attending seminars and talks, and reading legal and regulatory updates and other reference materials. The seminars, talks and other reference materials covered a wide range of topics on ESG disclosures, sustainable and intelligent building, market and regulatory updates, impact of geopolitics, anti-corruption, risk management, etc. During the year, the training undertaken by each Director are summarised as follows:

	Attending Seminars, Talks and Briefings	Reading Legal and Regulatory Updates and other Reference Materials
Executive Directors		
Dr Lee Ka Shing *(Chairman and Managing Director)*	✓	✓
Dr Lee Ka Kit *(Vice Chairman)*	✓	✓
Dr Lam Ko Yin, Colin *(Vice Chairman)*	✓	✓
Li Ning	✓	✓
Chen Fok Lan	✓	✓
Independent Non-executive Directors		
Kwong Che Keung, Gordon	✓	✓
Professor Ko Ping Keung	✓	✓
Wu King Cheong	✓	✓
Au Siu Kee, Alexander	✓	✓

Board Committees

The Board has six Board Committees, namely, the Standing Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Whistleblowing Committee for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee was established in December 1998 and reports to the Board. The members of the Audit Committee are:

Independent Non-executive Directors

Kwong Che Keung, Gordon *(Chairman)*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Both the chairman and Mr Au Siu Kee, Alexander have the appropriate professional qualifications as required under the Listing Rules, and Mr Au also possesses enterprise risk management expertise. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public companies. The Board expects the Committee members to exercise independent judgement in conducting the business of the Committee.

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and risk management and internal control systems. The terms of reference of the Audit Committee are available on the Company's website.

During the year, the Audit Committee held three meetings with the management and the auditors. Its responsibilities performed relate to the following areas:

(1) Financial Reporting

In respect of the financial year ended 31 December 2024, the Committee reviewed the interim and annual results announcements and reports, discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Committee gave careful consideration to the accounting policies adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. Significant accounting issues relating to the financial statements were discussed amongst the Committee, the management and the external auditor for a proper accounting treatment or disclosure. The Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff, training programmes and budget of the Company's accounting and financial reporting function, as well as those relating to the Company's ESG performance and reporting.

(2) External Auditor

The Committee considered and approved the appointment of external auditor after having reviewed the terms of engagement, the level of remuneration in relation to audit and non-audit services and the confirmation of independence provided by the external auditor. The Committee assessed the effectiveness of the audit process, including the audit plan, the audit approach and scope, key audit matters identified and addressed, as well as the application of information technology audit.

(3) Risk management and internal controls

The Committee reviewed the works and reports of the Group's Audit Department on audit of the internal controls function and the rectification procedures taken by the management in respect of any deficiencies. The Committee also assessed the effectiveness of the risk management (including ESG risk) and internal control systems as set out in the paragraph headed "Internal Audit, Risk Management and Internal Controls" below.

Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

Executive Directors
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin

Independent Non-executive Directors
Wu King Cheong *(Chairman)*
Kwong Che Keung, Gordon
Professor Ko Ping Keung

Each member is sufficiently experienced and is appropriately skilled in the issues of determining executive compensations in public companies. The Board expects the committee members to exercise independent judgement in conducting the business of the committee.

The written terms of reference include the specific duties of determining, with delegated responsibility, the remuneration package of the individual Executive Director and senior management and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 December 2024, the Remuneration Committee held a meeting to review the salary structure of the employees of the Company and the level of salary increment for 2025 as well as the remuneration of senior management staff and the Directors with reference to the remuneration level of directors of comparable listed companies. The Company's policy serves a guide to the Remuneration Committee in considering the directors' remuneration and a summary thereof is set out in the paragraph headed "Board Policies" below.

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix D2 of the Listing Rules are set out in note 9 to the financial statements on pages 131 to 133 while the analysis of the senior management's emoluments by band is set out in note 10 to the financial statements on page 133. The Director's fees are fixed at the rate of HK$50,000 per annum for each Executive Director/Independent Non-executive Director. In the event that an Independent Non-executive Director acts as a member of the Audit Committee, he will be paid an additional fee of HK$200,000 per annum. The above remuneration remains unchanged until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities.

Nomination Committee

The Nomination Committee which was established in December 2011 comprises:

Executive Directors
Dr Lee Ka Shing *(Chairman)*
Dr Lam Ko Yin, Colin

Independent Non-executive Directors
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong

Each member is sufficiently experienced and is appropriately skilled in the issues of nomination of directors to the Board. The Company has provided the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

The written terms of reference include the specific duties of reviewing the structure, size and composition of the Board with due regard to the Board Diversity Policy and making recommendation on any proposed changes to the Board to complement the Company's corporate policy. Nominations will be made in accordance with the Nomination Policy and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The terms of reference of the Nomination Committee are available on the Company's website.

The Nomination Committee held two meetings during the year ended 31 December 2024. The major work performed by the Nomination Committee during the year included assessing the independence of Independent Non-executive Directors of the Company, making recommendation to the Board on the retiring Directors' eligibility for re-election at the AGM, considering the assessment results of the board performance evaluation, and reviewing the structure and gender diversity of the Board. It also reviewed the Board Diversity Policy and the Nomination Policy, and was satisfied that the said policies were appropriate and effective, and had been properly implemented.

During the year, in order to enhance the gender diversity of the Board, the Nomination Committee also approved the nomination of Ms Chen to the Board for appointment as an Executive Director of the Company. The Committee has referred to the management's proposal and opined that Ms Chen is a suitable candidate. In arriving at the decision to nominate Ms Chen to the Board, the Committee has considered the structure of the Board, Ms Chen's extensive experience in the wholesale, retail and department store business as well as her profound understanding of the Group's operations gained by being the Retail Chief Executive Officer of Citistore Stores and Unicorn Stores, with due regard to the Nomination Policy and the Board Diversity Policy.

Mr Kwong Che Keung, Gordon ("Mr Kwong"), who shall retire by rotation at the forthcoming AGM, has been serving as an Independent Non-executive Director of the Company for more than nine years. Ms Zee, who was appointed by the Board after the Company's 2024 AGM, shall also retire at the forthcoming AGM. Both of them have been nominated by the Nomination Committee to stand for re-election as an Independent Non-executive Director of the Company at the AGM. In considering the nomination of Mr Kwong and Ms Zee (collectively, the "Retiring INEDs") for re-election at the AGM, the Committee has reviewed their overall contribution to the Board with regard to a number of factors, including the principles set out in the Nomination Policy and the Board Diversity Policy. The factors considered by the Committee are more specifically set out in the circular to shareholders accompanying this Annual Report.

Based on the recommendation of the Nomination Committee and the Retiring INEDs' competence and, where applicable, past performance and contribution, the Board considered that the Retiring INEDs are eligible for re-election.

Corporate Governance Committee

The Corporate Governance Committee which was established in December 2021 comprises:

Independent Non-executive Directors

Kwong Che Keung, Gordon *(Chairman)*
Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of corporate governance. The Company has provided the Corporate Governance Committee with sufficient resources to perform its duties.

The written terms of reference include the duties of developing and reviewing the Company's policies and practices on corporate governance and monitor such policies and practices on compliance with legal and regulatory requirements. The terms of reference of the Corporate Governance Committee are available on the Company's website.

During the year, the Corporate Governance Committee held a meeting to formulate the work plan for the 2024 Corporate Governance Report; review the training and continuous professional development of the Directors and senior management, the Shareholders' Communication Policy and the mechanisms for ensuring independent elements on the Board; consider the adoption of and revision to certain Group policies; and receive and accept the Audit Department's review report on the Group's compliance with the adopted policies, practices and codes of conduct as well as the applicable legal and regulatory requirements.

On the basis that the Company had strictly adhered to the principles set out in the Shareholders' Communication Policy, including timely dissemination of corporate information to shareholders via "Investor Information" platform on its website, arranging briefings to investors and analysts, and making available different channels for shareholders to communicate their views to the Company, the Committee was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented.

Upon reviewing the existing mechanisms adopted by the Company for ensuring independent elements on the Board, the Committee generally agreed that the mechanisms, which was in conformity with the requirements of the Listing Rules, was appropriate and effective, and had been complied with.

Whistleblowing Committee

The Whistleblowing Committee was established in March 2022 and reports to the Board. The members of the Whistleblowing Committee comprises:

Executive Director

Dr Lam Ko Yin, Colin *(Chairman)*

Independent Non-executive Directors

Professor Ko Ping Keung
Wu King Cheong

The Company has established systems for employees and those who deal with the Group to raise concerns about possible improprieties in any matters relating to the Group, in confidence and anonymity, to be dealt with by the Whistleblowing Committee. Each member is appropriately skilled in handling alleged improprieties reported by whistleblowers.

The written terms of reference include monitoring the effectiveness of the whistleblowing arrangements, ensuring proper procedures for fair and independent investigation of the reported improprieties as well as warranting the confidentiality of the information received and findings of the investigation. The whistleblowing policy has been duly incorporated in Business Ethics and Code of Business Conduct Policy which sets out the high ethical standard and whistleblowing framework.

Attendance Record at Board Meetings, Committee Meetings and AGM

The attendance of the individual Director at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the AGM during the year ended 31 December 2024 is set out in the following table:

	No. of meetings attended/No. of meetings held					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	AGM
Executive Directors						
Dr Lee Ka Shing *(Chairman and Managing Director)*	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Ka Kit *(Vice Chairman)*	4/4	N/A	N/A	N/A	N/A	1/1
Dr Lam Ko Yin, Colin *(Vice Chairman)*	4/4	N/A	1/1	2/2	N/A	1/1
Li Ning	4/4	N/A	N/A	N/A	N/A	1/1
Chen Fok Lan	2/2[1]	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Kwong Che Keung, Gordon	4/4	3/3	1/1	2/2	1/1	1/1
Professor Ko Ping Keung	4/4	3/3	1/1	2/2	N/A	1/1
Wu King Cheong	4/4	3/3	1/1	2/2	N/A	1/1
Au Siu Kee, Alexander	4/4	3/3	N/A	N/A	1/1	1/1

Note:

1. *Subsequent to the appointment of Ms Chen Fok Lan as an Executive Director of the Company on 16 July 2024, there were two Board meetings held.*

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2024, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 94 to 98.

Auditor's Remuneration

For the year ended 31 December 2024, the Auditor of the Company agreed to receive approximately HK$2 million for audit and audit related services (2023: HK$2 million) and approximately HK$0.6 million for non-audit services (2023: HK$1 million) relating to interim results review and corporate and advisory services. The remuneration of the Auditor in respect of audit and non-audit services (if any) was reviewed by the Audit Committee.

Model Code

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

Continuing Connected Transactions

The Independent Non-executive Directors and the Audit Department of the Company in the role of internal auditor have reviewed and the Auditor of the Company has reported on the continuing connected transactions as disclosed in the Report of the Directors of this Annual Report (the "Continuing Connected Transactions"). The Audit Department of the Company has also reported to the Independent Non-executive Directors of the Company that the Continuing Connected Transactions were conducted in accordance with the pricing mechanism under the relevant agreements.

Board Policies

The following as required by the Listing Rules or otherwise are the summaries of certain policies adopted by the Board:

(1) Inside Information Policy

The Inside Information Policy contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

(2) Board Diversity Policy

The Board Diversity Policy provides that selection of candidates during the nomination process will be based on a range of diversity perspectives. These perspectives include but not be limited to gender, age, race, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

(3) Nomination Policy

The Nomination Policy sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (i) will take appropriate measures to identify and evaluate a candidate; (ii) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (iii) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

(4) Dividend Policy

The Dividend Policy incorporates the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period. The Board may also consider the issuance of bonus shares on a basis as permitted by the applicable laws and regulations.

(5) Director and Employee Remuneration Policy

The Director and Employee Remuneration Policy sets out the general principles which guide the Group to deal with the remuneration matters. As a general principle, a fair market level of remuneration will be provided to retain and motivate high quality directors, senior management and employees, and attract experienced people of high calibre to oversee the business and development of the Group. Executive Directors' remuneration packages shall, as far as applicable, link to individual and the Group's performance and comparable to Hong Kong based companies. As for Non-executive Directors, only fixed remuneration/fee shall be paid and be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

The full text of the above policies are available on the Company's website.

In addition, the Company as a subsidiary of HLD shall, where appropriate, adhere to the policies adopted by HLD as guidance to members of its group, such as anti-money laundering and counter-terrorist financing policy, anti-discrimination policy, etc.

ESG and Sustainable Development

Sustainability

A Sustainability Committee was formed in August 2021 and chaired by an Executive Director of the Company, Mr Li Ning with certain department managers as members to assist the Board in reviewing the policies and overseeing the issues with respect to corporate social responsibility and sustainable development including climate change, workplace quality, environmental protection, operating practices and community involvement.

During the year, the Sustainability Committee held a meeting to review the terms of reference, the Group's overall sustainability performance and policies, and determine sustainability strategy and plan. Having regard to the latest development in ESG initiatives, the Group adopted a new Supplier Code of Conduct Policy and revised the existing Human Rights and Equal Employment Opportunity Policy.

The written terms of reference of the Sustainability Committee and the ESG policies are available on the Company's website.

A Sustainability Report is set out on pages 18 to 46 of this Annual Report.

Diversity

Diversity and inclusion are important elements to a company's sustainability efforts. The Company recognises the benefits of having a diverse Board and has adopted the Board Diversity Policy to achieve it. Following the appointment of two new female directors in July 2024 and March 2025, the Company had complied with the Listing Rules requirement for avoiding a single gender board. Having considered the Board structure and various factors, the Nomination Committee is satisfied that the Board has an appropriate structure with a diversity of members in terms of knowledge, skills and experience. Gender diversity has also been achieved by having two female directors on the Board which exceed the minimum requirement of the Listing Rules.

As regards succession planning, the Nomination Committee will deploy multiple channels to identify suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms as and when appropriate.

The Company places tremendous emphasis on gender diversity across all levels of the Group. As at 31 December 2024, the proportion of female representation at the workforce of the Group (including senior management) was approximately 78%. The overall workforce gender of the Group has a higher female employee base resulting from the sales force of the department store operation.

Internal Audit, Risk Management and Internal Controls

Internal Audit

The Board is responsible for ensuring sound and effective risk management and internal control systems to safeguard the shareholders' interests and the Company's assets.

The Audit Department of the Company in the role of internal auditor, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audits on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management (including ESG risks) functions are in place and functioning effectively. It is also considered that the resources, staff qualifications and experience and training programmes are adequate.

Policies for Whistleblowing and Anti-corruption

The Company has established a system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group and the relevant details are set out in the Business Ethics and Code of Business Conduct Policy. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognise and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Apart from the channels set out in the relevant policies, an email link has been set up in the webpage of the intranet of the Company for employees to express their opinions or concerns about the Group's operations directly to the designated Vice Chairman. In addition, the Company has provided a separate email link on its website, by which stakeholders can freely provide comments and suggestions on the operations of the Company so that proper actions can be taken to address issues being raised.

The reported cases, where necessary, will be escalated to the Whistleblowing Committee which is established specifically to deal with alleged improprieties reported by whistleblowers.

Risk Management and Internal Controls

The successful management of risks is essential for the long-term growth and sustainability of the Group's business. The Board is responsible for setting strategies, business objectives and risk appetite as well as ensuring a review of effectiveness of the risk management and internal control systems, and overseeing the design, implementation and monitoring of the risk management and internal control systems.

Risk management is proactive to ensure that significant risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence; and
- effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.

Approach to Risk Management

The risk management of the Group adopts "three lines of defence" model in risk governance which defines clear responsibilities and structure in ensuring accountability and transparency in our risk management practices. This model combines a top-down strategic view with a bottom-up operational process. The Board, by the top-down approach, has oversight on the risk management process and focuses on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group.

First Line of Defence

Each department of the Group is responsible for identifying its own risks and designing, implementing, managing and monitoring the relevant risk management and internal control systems. The process involves the maintenance of risk register setting out the particulars of material risks together with the control measures as reported by significant departments of the Group. This bottom-up approach is embedded in the operations of the Group and complements the top-down strategic view by identifying the principal risks and ensuring the significant risks to be considered by the Board in determining the risk appetite. The above risk exposure review process is conducted on an annual basis.

Second Line of Defence

Departmental management and task-specific groups have the responsibility of reviewing the risk management and control systems. This includes setting control standards and monitoring departments' compliance with the set standards. In addition, a risk management policy has been adopted to serve as a guideline for risk management and internal control systems and such policy is available on the Company's website.

Third Line of Defence

The Audit Department in the role of internal auditor performed independent audits to evaluate the adequacy and proper functioning of the risk management and internal control systems and provided the improvement suggestions, for the financial year ended 31 December 2024. It is intended to carry out this evaluation process on an ongoing basis. The Audit Committee, after reviewing the findings submitted by the Audit Department in the role of internal auditor, reported and confirmed to the Board that the risk management and internal control systems are effective and adequate.

The diagram below summarises the complementary top-down and bottom-up aspects of the integrated approach of the Group to risk management.

Significant Risks and Control/Mitigation

Certain significant risks have been identified through the process of risk identification and assessment. A summary on such significant risks of the Group and the respective risk movement together with the relevant internal control measures or mitigation in place is listed below:

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
(1) Intense Competition, Changing Consumer Preferences and Demands The Group operates in a highly competitive environment and faces competition from a broad range of organisations including the retail industry players in Hong Kong as well as a vast number of e-commerce operators. A failure to align with changing market dynamics and consumers' expectations could erode the Group's competitive position. The negative impacts of the continuing increase in outbound travel, and cross-border consumption and shopping.	↑	• The Group conducts ongoing evaluation of business performance, formulates sales and promotion strategies to react to the changing market conditions, and obtains updated market information in terms of customer needs through business partners and industry news. • The Group will enhance CU APP membership promotion and interaction, customer service, and source more and better products globally to cope with fierce competition.
(2) Regulatory and Compliance Risk The Group is subject to various government policies and regulations on consumer goods safety, food safety and occupational health and safety. If the Group fails to be responsive to changes to such policies and regulations, this could impact the Group's underlying business and ability to deliver its primary objectives.	→	• The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations through internal guidelines, staff training, review process, compliance monitoring by experienced and professional staff as well as by consultation with external experts.
(3) Image/Reputation Risk The Group's reputation is one of its most valuable assets, playing a major part in the continued success of the business. Any possible failure to maintain proper control over the quality of the merchandise may affect the reputation and customer perception of the brands "千色Citistore", "Citilife" and "C Mart", and "APITA" and "UNY" (which are under a licencing agreement between Unicorn Stores (HK) Limited and UNY Japan), which are most valuable to the Group.	↑	• The Group is committed to employing, training, developing and retaining a diverse and talented workforce to cope with potential complaints, exercising due care in the sourcing of merchandises from reputable and trustworthy suppliers and ensuring proper product quality delivery by conducting proper quality control procedures.

Significant Risks and Possible Impacts	Risk Movement*	Control/Mitigation Measures
(4) Overstocking and Stock Obsolescence Keeping a large amount of inventory on hand can be advantageous as it reduces the chance of running out of a product. However, a large inventory can also have several notable disadvantages such as storage costs, deterioration and obsolescence.	→	• The Group maintains a close dialogue with key suppliers to negotiate on terms for goods purchased on returnable basis and rigorously reviews stock turnover, stock holding period and customer demand to ensure that inventory levels are managed accordingly. The Group may also undertake stock clearance sales activities to avoid further stock obsolescence.
(5) ESG Risk (included the extreme weather risk) The variables related to ESG factors can potentially affect the operational efficiency and financial performance of the Group.	→	• A Sustainability Committee led by senior management has established clear sustainability strategies and coverage as well as performs on-going monitoring of the Group's ESG initiatives. • The Group has engaged external ESG consultants to provide professional advices. • As regards dealing with extreme weather, the management will refer to the law and guidelines issued by the government.
(6) Information Technology The smooth operations of the Group relies on a complex technical infrastructure. Any computer systems failure may have significant impact on the operations of "千色Citistore", "Citilife", "C Mart", "APITA" and "UNY" stores, causing financial loss, data loss, disruption or damage.	→	• The Group manages this risk by employing experienced IT personnel and engaging external consultants as well as keeping back-up files and adopting a disaster recovery plan.

* *Risk Movement (Change from last year)*

↑ : *Risk level increased*

↓ : *Risk level decreased*

→ : *Risk level remained broadly the same*

Company Secretary

The Company Secretary is to support the Board by ensuring that there is good information flow and the board policies and procedures are strictly followed. The Company Secretary is responsible for advising the Board on governance matters and also facilitating the induction and professional development of Directors.

During the year, the Company Secretary took no less than 15 hours of the relevant professional training.

Shareholder Rights and Investor Relations

The Board is committed to promoting effective communication with shareholders and providing timely disclosure of material information to shareholders and investors.

Shareholders' Rights

The AGM of the Company provides a forum for communication between the shareholders and the Board. The notice of AGM is despatched to all shareholders at least 21 days prior to the AGM. The Chairmen of all Board Committees are invited to attend the AGM. The Chairman of the Board and the Chairmen of all the Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the AGM. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence. The Company's policy is to involve shareholders and to communicate with them in the Company's affairs at the AGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders at the general meeting to ensure that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company on the day of the general meeting. Moreover, separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

Under Section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholder(s) making it, in a hard copy form or in electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. The request made under Section 615 must also identify the resolution of which notice is to be given and be received by the Company not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of the AGM.

Shareholders' Communication Policy

The Company has maintained a Shareholders' Communication Policy which aims at promoting effective communication with the Company's shareholders and enabling them to exercise their rights in an informed manner. The Shareholders' Communication Policy includes multiple channels for shareholders to communicate with the Company and vice versa. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community, including the Company's potential investors and analysts. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. Enquiries from investors are dealt with in an informative and timely manner.

The Company also ensures effective and timely dissemination of information to shareholders and the investment community. As a channel to further promote effective communication, the Group maintains a website at www.hilhk.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

The full text of the Shareholders' Communication Policy, which is available on the Company's website, includes channels for shareholders to communicate their views on various matters affecting the Company. In particular, shareholders may make enquiries to the Board through the Company's Investor Relations on telephone number (852) 2908 8392 or by email at ir@hld.com or directly by raising questions at general meetings.

Report of the Directors

The Directors have pleasure in submitting to shareholders their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were investment holding, and supermarket, department store and household specialty store operation, namely "Citistore" and "Citilife" operated by Citistore (Hong Kong) Limited (collectively "Citistore Stores") and "UNY" and "APITA" operated by Unicorn Stores (HK) Limited (collectively, "Unicorn Stores").

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 5 to 11 of this Annual Report. Possible risks and uncertainties that the Group may be facing are set out in the Financial Review on pages 14 to 16 and the Corporate Governance Report on pages 47 to 68. Particulars of important events affecting the Group since the end of the financial year (if any) are provided in the Chairman's Statement on pages 5 to 11 and note 36 to the financial statements on page 154. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Year Financial Summary on page 17 of this Annual Report. Environmental policy and climate change policy of the Group have been put in place to give due consideration to environmental issues and minimise the impact of business operations of the Group on environment. In addition, discussions on the aforesaid policies of the Group and the Group's relationships with employees, customers, suppliers and other stakeholders are contained in the Sustainability Report and the Corporate Governance Report on pages 18 to 46 and pages 47 to 68 of this Annual Report respectively. The Chairman's Statement, the Financial Review, the Sustainability Report and the Corporate Governance Report form part of this report.

As regards the compliance with the Consumer Goods Safety Ordinance (Cap. 456) and the Trade Descriptions Ordinance (Cap. 362), the quality control of products is monitored by merchandise procurement personnel of the Group through ongoing negotiation and communications with suppliers, consignors and concessionaires. As per the arrangements with consignors and concessionaires, the liabilities, if any, for defective products sold by consignment or concessionaires in Citistore Stores and Unicorn Stores are generally borne by the relevant consignors or concessionaires. For compliance with the Food Safety Ordinance (Cap. 612), Unicorn Stores has registered with the Director of Food and Environmental Hygiene as a food importer and food distributor to carry on food importation and distribution business. Various kind of food products are sold in Citistore Stores and Unicorn Stores including dry, preserved and fresh foods. The expiry dates of such food products are regularly checked in accordance with inventory management procedures, and endeavours are made to ensure that all necessary food licences have been obtained. A policy is put in place for writing off the damaged or aged inventory being not in saleable condition.

In compliance with the Food Business Regulation (Cap. 132X), Unicorn Stores also ensures all the premises used for preparation of fresh food are kept clean and free from noxious matters. Instruction manual is provided for every staff engaging in handling fresh food such as slicing or repacking to protect the food from risk of contamination or deterioration. To keep food freshness, refrigerators with sufficient capacity and appropriate temperature control for storage and display are located in zones selling chilled or frozen fresh food. Staffs have to thoroughly cleanse and disinfect all refrigerators and display chillers at regular intervals according to company guidelines for maintaining hygiene. Last but not least, all pre-packed fresh food is labelled in accordance with the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W) and sold directly from refrigerators at correct temperatures to customers in intact pre-packed form.

In addition, Citistore Stores and Unicorn Stores are committed to complying with the relevant intellectual property right laws, maintaining effective control over the quality of merchandise they sell and examining merchandise that they source or sell by consignment.

The Company has complied with the requirements under the Companies Ordinance (Cap. 622), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (Cap. 571) for, among other things, the disclosure of information and corporate governance. The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as the code of dealing in securities of the Company by the Directors.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2024 are set out on page 155.

Group Results

The financial results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 99 to 155.

Dividend

The Board has resolved not to recommend the payment of a final dividend (2023: Nil) for the year under review, because of the loss suffered.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK$35,000 (2023: HK$247,000).

Fixed Assets

Particulars of the movements in fixed assets during the year are set out in note 15 to the financial statements on page 136.

Bank Loans

As at 31 December 2024, the Group had no bank borrowings.

Reserves

Particulars of the movement in reserve of the Company during the year are set out in note 30(b) to the financial statements on page 151.

Share Capital

Details of the Company's share capital are set out in note 30(c) to the financial statements on page 151. There were no movements during the year.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years ended 31 December 2024 are summarised on page 17.

Directors' Emoluments

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix D2 of the Listing Rules are set out in note 9 to the financial statements on pages 131 to 133.

Directors

The Directors of the Company during the financial year and up to the date of this report were:

Executive Directors	Independent Non-executive Directors
Dr Lee Ka Shing *(Chairman and Managing Director)*	Kwong Che Keung, Gordon
Dr Lee Ka Kit *(Vice Chairman)*	Professor Ko Ping Keung
Dr Lam Ko Yin, Colin *(Vice Chairman)*	Wu King Cheong
Li Ning	Au Siu Kee, Alexander
Chen Fok Lan *(appointed on 16 July 2024)*	

Dr Lam Ko Yin, Colin, Mr Li Ning and Mr Kwong Che Keung, Gordon shall retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and the Corporate Governance Code and, being eligible, have offered themselves for re-election.

On 20 March 2025, Ms Helen Zee was appointed by the Board as an Independent Non-executive Director of the Company with effect from 21 March 2025. As Ms Chen Fok Lan and Ms Helen Zee were appointed by the Board after the Company's 2024 annual general meeting, they shall retire at the forthcoming annual general meeting in accordance with Article 99 of the Company's Articles of Association and, being eligible, have offered themselves for re-election.

The list of directors of the subsidiaries of the Company during the financial year and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2024, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Investment Limited	Lee Ka Kit	1 & 6				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	1 & 6				2,110,868,943	2,110,868,943	69.27
	Li Ning	1 & 6		2,110,868,943			2,110,868,943	69.27
Henderson Land Development Company Limited	Lee Ka Kit	2 & 6				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	2 & 6				3,509,782,778	3,509,782,778	72.50
	Li Ning	2 & 6		3,509,782,778			3,509,782,778	72.50
Miramar Hotel and Investment Company, Limited	Lee Ka Kit	3 & 6				345,999,980	345,999,980	50.08
	Lee Ka Shing	3 & 6				345,999,980	345,999,980	50.08
	Li Ning	3 & 6		345,999,980			345,999,980	50.08

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Ka Kit	4 & 6				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	4 & 6				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	5 & 6				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	4 & 6				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	4 & 6				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	5 & 6				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	4 & 6		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	4 & 6		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	5 & 6		15,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares)	30.00

Save as disclosed above, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Ka Kit, Dr Lee Ka Shing and Mr Li Ning in the shares, underlying shares and debentures of the unlisted associated corporations of the Company which are solely derived from their deemed interests in Henderson Development Limited, Henderson Land Development Company Limited, Miramar Hotel and Investment Company, Limited and/or the Company and not from any separate personal interests of their own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 13 of Appendix D2 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Substantial Shareholders' and Others' Interests

As at 31 December 2024, 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		
Lee Shau Kee *(Notes 1 & 6)*	2,110,868,943	69.27
Rimmer (Cayman) Limited *(Notes 1 & 6)*	2,110,868,943	69.27
Riddick (Cayman) Limited *(Notes 1 & 6)*	2,110,868,943	69.27
Hopkins (Cayman) Limited *(Notes 1 & 6)*	2,110,868,943	69.27
Henderson Development Limited *(Notes 1 & 6)*	2,110,868,943	69.27
Henderson Land Development Company Limited *(Notes 1 & 6)*	2,110,868,943	69.27
Kingslee S.A. *(Notes 1 & 6)*	2,110,868,943	69.27
Banshing Investment Limited *(Notes 1 & 6)*	843,249,284	27.67
Markshing Investment Limited *(Notes 1 & 6)*	602,398,418	19.77
Covite Investment Limited *(Notes 1 & 6)*	363,328,900	11.92
Person other than Substantial Shareholders		
Gainwise Investment Limited *(Notes 1 & 6)*	217,250,000	7.13

Notes:

1. *Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by Henderson Land Development Company Limited ("HL") which in turn was 72.44% held by Henderson Development Limited ("HD"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. 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 Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO.*

2. *Of these shares, (i) 1,450,788,868 shares were owned by HD; (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD as set out in Note 1 and Fu Sang. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr Li Ning was taken to be interested in these shares by virtue of the SFO.*

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

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

5. *These shares were held by Fu Sang.*

6. *Dr Lee Shau Kee passed away on 17 March 2025 and his sons, each of Dr Lee Ka Kit and Dr Lee Ka Shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) hold units in the Unit Trust but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr Lee Ka Kit, Dr Lee Ka Shing and Mr Li Ning's spouse remains to be one of the discretionary beneficiaries of such discretionary trusts.*

Share Schemes

The Company and its subsidiaries have no share schemes.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2024 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

No equity-linked agreements entered into by the Company were subsisting as at 31 December 2024 and the Company did not enter into any equity-linked agreements during the year under review.

Interests in Transactions, Arrangements or Contracts and Continuing Connected Transactions

During the year under review, the Group had the continuing connected transactions and arrangements as described under the sections "Framework Agreement" and "Master Agreements" below with persons who are "connected persons" for the purpose of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

Framework Agreement

The Group has been operating its businesses at premises owned by subsidiaries of Henderson Land Development Company Limited ("HLD", together with its subsidiaries and, where applicable, associates (but excluding the Group), the "HLD Group"). As HLD, a controlling shareholders of the Company, and subsidiaries of HLD are connected persons of the Company, the leasing and licensing transactions in respect of those premises between the Group and the HLD Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. On 19 April 2023, the Company and HLD entered into a leasing and licensing framework agreement (the "Framework Agreement") for a term of three years from 1 October 2023 to 30 September 2026 to set out the framework terms and conditions under which members of the HLD Group (as landlords or licensors) and members of the Group (as tenants or licensees) will enter into leasing and licensing transactions from time to time during the term in compliance with Chapter 14A of the Listing Rules, and the Framework Agreement had been subsequently approved by independent shareholders.

The Framework Agreement stipulates that, in relation to the leasing and licensing transactions, relevant members of the Group and relevant members of the HLD Group shall enter into leasing and licensing individual agreements (the "Leasing and Licensing Individual Agreements"), which shall be in such forms and on such terms and conditions (including but not limited to, where applicable, term of the lease or licence, amounts, calculations and adjustments of rent or licence fees, security deposits, air-conditioning charges, management fees, promotion levies and other contributions, charges and fees, payment terms, rent-free period, option terms and provisions for early termination for cause or for convenience) to be agreed upon between the relevant parties from time to time using reasonable endeavours.

The basis for determining the terms of each leasing and licensing transaction (including the pricing basis of the rent/licence fees) includes:

(a) each leasing and licensing transaction shall be subject to the provisions of the Framework Agreement and the relevant Leasing and Licensing Individual Agreement(s) (the provisions of the Framework Agreement shall prevail in case of inconsistencies);

(b) the terms of the leasing and licensing transactions shall be fair and reasonable; and the leasing and licensing transactions shall be on normal commercial terms or better to the Group; and

(c) the rent or licence fees and other terms of each leasing and licensing transaction shall be determined by arm's length negotiations taking into account, among others, the following main factors (where applicable):

    (i) the district and vicinity of the property concerned;

    (ii) the business to be carried on at the property concerned;

    (iii) the size, location (within the relevant building or shopping mall) and condition of the property concerned;

    (iv) the length of the term of the lease or licence; and

    (v) the possible contribution, if any, of the tenant or licensee, to the building or shopping mall in which the property concerned is located,

    including with reference to, where applicable, terms offered by the HLD Group to existing or potential tenants or licensees of premises within the relevant building or shopping mall or premises similar to the property concerned and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with valuers or property agencies.

The terms of each such Leasing and Licensing Individual Agreement made under the Framework Agreement will be determined according to the following procedures:

(a) the relevant members of the Group and the relevant members of the HLD Group shall enter into arms' length negotiations with respect to each leasing and licensing transaction, with due regard to the pricing policy as set out in the Framework Agreement, including the rents or licence fees, and other terms being subject to the particular circumstances of the proposed transactions; and

(b) in respect of renewal of an existing lease or licence by the exercise of option, unless agreed otherwise by the relevant parties and subject to the provisions of the Framework Agreement, the terms and conditions for the exercise of the option will be followed.

Pursuant to the Framework Agreement, Citistore (Hong Kong) Limited ("Citistore HK") and Unicorn Stores (HK) Limited ("Unicorn Stores"), wholly-owned subsidiaries of the Company, have entered into a number of Leasing and Licensing Individual Agreements as tenant with certain subsidiaries of HLD as landlord in respect of the following properties:

(i) office premises in KOLOUR • Tsuen Wan I at 68 Chung On Street, Tsuen Wan, New Territories, Hong Kong; and

(ii) various shopping mall premises in the Tsuen Wan, Yuen Long, Ma On Shan, Tseung Kwan O and Tuen Mun districts of Hong Kong in respect of the Group's department store and supermarket operations under the names of "Citistore" and "UNY".

The principal terms of those Leasing and Licensing Individual Agreements are summarised below:

Agreement Date	Lettable Area	Term[Note 1]	Basic Rent per month	Turnover Rent Provisions[Note 2] and Miscellaneous Monthly Charges[Note 3]
(1) Tsuen Wan Branch of Citistore at KOLOUR • Tsuen Wan II, 67- 95 Tsuen Wan Market Street, Tsuen Wan Town Lot No. 301				
(a) Shop Nos. G9-G12, G/F				
28 December 2023	1,893 sq.ft.	1 October 2023 – 30 September 2026	*HK$280,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Tsuen Wan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$23,401*
(b) Shop Nos. G13-G16 and G24-G29, G/F; Whole of 1/F; Portion of 2/F; Remaining Portion of 2/F; and Shop Nos. 301-303 on 3/F				
28 December 2023	133,469 sq.ft.	1 October 2023 – 30 September 2026	*HK$4,630,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Tsuen Wan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$1,434,866*
(c) Shop Nos. G18A, G18B, G19-G23, G/F				
28 December 2023	2,951 sq.ft.	1 October 2023 – 30 September 2026	*HK$450,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Tsuen Wan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$36,717*

Agreement Date	Lettable Area	Term[Note 1]	Basic Rent per month	Turnover Rent Provisions[Note 2] and Miscellaneous Monthly Charges[Note 3]
(d) Shop No. G17, G/F				
28 December 2023	547 sq.ft.	1 October 2023 – 30 September 2026	*HK$80,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Tsuen Wan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$6,740*
(2) Yuen Long Branch of Citistore and UNY at KOLOUR • Yuen Long, 1 Kau Yuk Road, Yuen Long, New Territories, Yuen Long Town Lot No. 464				
(a) Shop Nos. 1-3, 31-42 and 45-49, 2/F				
28 December 2023	6,882 sq.ft.	1 October 2023 – 30 September 2026	*HK$400,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Yuen Long Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$124,848*
(b) Whole of 3/F and 4/F				
28 December 2023	47,927 sq.ft.	1 October 2023 – 30 September 2026	*HK$1,590,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Yuen Long Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$707,791*

Agreement Date	Lettable Area	Term[Note 1]	Basic Rent per month	Turnover Rent Provisions[Note 2] and Miscellaneous Monthly Charges[Note 3]
(c) Whole of B1/F				
28 December 2023	19,795 sq.ft.	1 October 2023 – 30 September 2026	*HK$1,120,000*	Turnover rent: 7% of annual turnover of the Yuen Long UNY (turnover rent payable instead of basic rent if higher than the basic rent payable) Service charges: *HK$164,463.13*
(3) Ma On Shan Branch of Citistore at MOSTown, Ma On Shan, Sha Tin Town Lot No. 307				
(a) Shop No. 3101, Level 3				
28 December 2023	62,340 sq.ft.	1 October 2023 – 30 September 2026	*HK$1,734,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Ma On Shan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$916,618*
(b) Shop No. 2109, Level 2				
28 December 2023 (which was early terminated on 30 November 2024 in accordance with the relevant Leasing and Licensing Individual Agreement)	3,360 sq.ft.	1 October 2023 – 30 September 2026	*HK$226,000*	Turnover rent: 8% of annual turnover (on an aggregate basis for all shop premises of the Ma On Shan Citistore) Turnover rent payable instead of basic rent if higher than the basic rent payable Service charges: *HK$53,108*

Agreement Date	Lettable Area	Term[Note 1]	Basic Rent per month	Turnover Rent Provisions[Note 2] and Miscellaneous Monthly Charges[Note 3]
(4) Tseung Kwan O Branch of Citistore and UNY at MCP Central, Tseung Kwan O Town Lot No. 27				
(a) Shop Nos. 2047-51, Level 2				
28 December 2023	42,680 sq.ft.	1 October 2023 – 30 September 2026	*HK$776,000*	Turnover rent: 9.5% of annual turnover (on an aggregate basis for all shop premises of the Tseung Kwan O Citistore) Turnover rent payable instead of basic rent if higher than HK$18,840,000 Service charges: *HK$194,000*
(b) Shop Nos. 2054-56, Level 2				
28 December 2023	12,703 sq.ft.	1 October 2023 – 30 September 2026	*HK$280,000*	Turnover rent: 9.5% of annual turnover (on an aggregate basis for all shop premises of the Tseung Kwan O Citistore) Turnover rent payable instead of basic rent if higher than HK$18,840,000 Service charges: *HK$281,391*
(c) Shop Nos. 2052-53, Level 2				
28 December 2023	12,893 sq.ft.	1 October 2023 – 30 September 2026	*HK$320,000*	Turnover rent: 9.5% of annual turnover (on an aggregate basis for all shop premises of the Tseung Kwan O Citistore) Turnover rent payable instead of basic rent if higher than HK$18,840,000 Service charges: *HK$286,315*

Agreement Date	Lettable Area	Term[Note 1]	Basic Rent per month	Turnover Rent Provisions[Note 2] and Miscellaneous Monthly Charges[Note 3]
(d) Shop No. UG036, Upper Ground Floor				
28 December 2023	43,038 sq.ft.	1 October 2023 – 30 September 2026	*HK$1,150,000*	Turnover rent: 6% of annual turnover of the Tseung Kwan O UNY (turnover rent payable instead of basic rent if higher than the basic rent payable) Service charges: *HK$481,175*
(5) Tuen Mun Branch of Citistore at North Wing, Trend Plaza, Tuen Mun Town Lot No. 282				
Shop Nos. 1-35, Level 3, North Wing				
29 December 2023	17,683 sq.ft.	1 October 2023 – 30 September 2026	*HK$1,000,000*	Turnover rent: 8% of annual turnover (turnover rent payable instead of basic rent if higher than the basic rent payable) Service charges: *HK$279,189*
(6) The Offices of Citistore HK at KOLOUR • Tsuen Wan I, 68 Chung On Street, Tsuen Wan Town Lot No. 328				
Whole of 8/F and 9/F				
28 December 2023	22,724 sq.ft. (expressed in terms of gross floor area)	1 October 2023 – 30 September 2026	*HK$601,000*	Turnover rent: Not applicable Service charges: *HK$148,712*

Notes:

1. *Each of the above Leasing and Licensing Individual Agreements has included a provision under which either party may early terminate by giving the other party not less than three months' notice of termination if so mutually agreed by the parties.*

2. *Where any of the above Leasing and Licensing Individual Agreements provides for payment of turnover rent, it will only be payable if it is higher than the basic rent, and in such event turnover rent will be payable instead of basic rent.*

3. *Where monthly service charges are payable under any of the above Leasing and Licensing Individual Agreements, they will be subject to review from time to time.*

4. *All basic rents set out in the table above are exclusive of management fees, air conditioning charges, promotion levies, services charges and government rates (as applicable). The amounts of the basic rents under the Leasing and Licensing Individual Agreements have been determined after taking into account a number of factors, including the district and vicinity, size and location of the relevant premises, the anticipated rise in market rental levels, the affordability of the rental to Citistore HK and Unicorn Stores, the contribution of Citistore HK and Unicorn Stores as the major anchor tenants in the relevant shopping mall, and (where applicable) the length and the term of the lease or licence and the inclusion of turnover rent provisions in the Leasing and Licensing Individual Agreements as well as any rental concession or relief to be applied where necessary or appropriate.*

The relevant department of the Company will periodically review the Leasing and Licensing Individual Agreements and the leasing and licensing transactions and monitor the utilisation of the annual caps set out below to ensure compliance with the terms of the Framework Agreement.

Annual caps in respect of the leasing and licensing transactions under the Framework Agreement are set out below:

The Right-of-Use Assets Caps[1]

Period	Right-of-Use Assets Cap HK$(million)
For the year ended 31 December 2024	122
For the year ending 31 December 2025	122
For the 9-month period from 1 January 2026 to 30 September 2026	122

The Rental Expense Caps[2]

Period	Rental Expense Cap HK$(million)
For the year ended 31 December 2024	115
For the year ending 31 December 2025	140
For the year ending 31 December 2026	128
For the year ending 31 December 2027	26
For the year ending 31 December 2028	25
For the 9-month period from 1 January 2029 to 30 September 2029	18

Notes:

1. *The right-of-use assets cap in relation to a relevant period represents the maximum aggregate value of the right-of-use assets to be recognised by the Group in accordance with the Hong Kong Financial Reporting Standard 16 "Leases" in respect of the leasing and licensing transactions entered into during such relevant period.*

2. *The rental expense cap in relation to a relevant period represents the maximum aggregate value of the variable amount of lease or licence fee payments to be recognised as expenses in profit or loss by the Group, and short-term or low-value assets lease payments, other fees and expenses payable by the relevant members of the Group under the leasing and licensing transactions during such relevant period.*

In addition to the above Leasing and Licensing Individual Agreements, during the year under review, Citistore HK and Unicorn Stores (as tenants or licensees) entered into numerous immaterial short-term leases or licences with certain subsidiaries of HLD (as landlords or licensors) for periods ranging from days to several months relating to certain premises owned by the HLD Group for ad hoc purposes at rentals and/or turnover rents totalling approximately HK$1,754,000.

During the year ended 31 December 2024, no right-of-use assets were recognised by the Group in respect of the leasing and licensing transactions and approximately HK$70,182,000 representing the aggregate rental expenses (including rental expenses for short-term leases or licences as aforementioned) and miscellaneous payments were paid by the Group in respect of the leasing and licensing transactions, under the Framework Agreement (the "Framework Tenancy Transactions").

Master Agreements

The Company has entered into certain master agreements with HLD and certain subsidiaries of HLD. As HLD and subsidiaries of HLD are connected persons of the Company, the transactions under such master agreements constitute continuing connected transactions of the Company and each of which, as previously disclosed by way of announcements, is subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The principal terms thereof are summarised below:

(i) Cleaning Services Agreement

On 19 April 2023, the Company and Broad Capital Limited ("Broad Capital"), a subsidiary of HLD, entered into a master agreement for a term of three years from 1 December 2023 to 30 November 2026 in relation to the provision of cleaning services by Broad Capital to members of the Group for fees to be settled on monthly basis (the "Cleaning Services Agreement"). Pursuant to the Cleaning Services Agreement, Broad Capital and the relevant members of the Group shall enter into cleaning services individual agreements, which shall be in such forms and on such terms and conditions to be agreed between the relevant parties.

Under the Cleaning Services Agreement, the pricing and terms for transactions made pursuant thereto shall be determined by way of quotations obtained from Broad Capital and from independent third party service providers and the consideration of the price and terms, historical working relationship, experience and the quality of services offered by each of such parties. Broad Capital may be engaged on terms similar to or better than those offered by such independent third party service providers.

(ii) Goods and Gift Certificates Sales Agreement

On 19 April 2023, the Company and HLD entered into a master agreement for a term of three years from 1 July 2023 to 30 June 2026 in relation to the sale of goods and/or gift certificates by members of the Group to members of the HLD Group (the "Goods and Gift Certificates Sales Agreement").

Under the Goods and Gift Certificates Sales Agreement, the relevant members of the Group and the relevant members of the HLD Group shall enter into goods and gift certificates sales individual agreements, which shall be in such forms and on such terms and conditions to be agreed between the relevant parties. The pricing and terms for transactions under such individual agreements shall be determined by arm's length negotiations and the amounts payable by the relevant members of the HLD Group to the relevant members of the Group for each of the transactions shall be at prices not less than those offered by the relevant members of the Group at their department stores/supermarkets or otherwise to their independent third party customers for the goods and gift certificates. The relevant purchasers shall make payment of the consideration for the goods and/or gift certificates supplied within three months after the date of delivery of the goods and/or gift certificates by the relevant suppliers.

(iii) Joint Promotion Agreement

As disclosed in the announcement dated 4 June 2024, the Company and H COINS Intelligence Limited ("HCIL"), a subsidiary of HLD, entered into a master agreement on 4 June 2024 to set out the framework terms and conditions for implementing the integration of their respective membership loyalty programmes, CU APP and H•COINS, and conducting other promotion transactions between members of the Group and members of the HLD Group during the period from 4 June 2024 to 31 December 2026 (the "Joint Promotion Agreement").

Under the Joint Promotion Agreement, the relevant members of the Group and the relevant members of the HLD Group shall enter into promotion individual agreements, which shall be in such forms and on such terms and conditions to be agreed between the relevant parties. The pricing and terms for transactions under such individual agreements: (a) shall be determined by arm's length negotiations; (b) any amounts payable by the Group to the relevant members of the HLD Group in relation to (i) conversion/earning of points between/under the membership loyalty programmes of the Group and of the HLD Group, (ii) discounts or promotions offered by the HLD Group to members of membership loyalty programme of the Group and, the points to monetary value of such conversion rates shall be no less favourable than those made available to the Group from independent third parties (if any) or prevailing industry market rates and the monetary values of such discounts shall be based on the retail prices of the relevant items which the Group may obtain from independent third parties; and (c) any amounts receivable by the Group from the relevant members of the HLD Group in relation to redemption of points under membership loyalty programme of HLD for coupons, vouchers, products, etc., provided by the Group, and acceptance by the Group of coupons, vouchers, etc. provided by the HLD Group, for any purchases of goods or services of the Group shall be based on the retail prices of or the prices at which such items are made available by the Group to independent third parties under similar transactions.

Pursuant to the Joint Promotion Agreement, Newmarket Sourcing Company Limited ("NSCL"), a subsidiary of the Company, and HCIL on 26 November 2024 entered into a promotion individual agreement for a term from 1 December 2024 to 31 December 2026. Under the promotion individual agreement, NSCL and HCIL agree to collaborate with each other in the marketing of membership loyalty programmes of HCIL (the "Programme") by expanding its operation through, inter alia, the distribution of loyalty points to customers of the Group and acceptance of such loyalty points by the Group under the following principal terms:

(a) NSCL shall reimburse/pay HCIL the loyalty points credited to the Group's customers under eligible transactions at the rate of HK$0.005 per H Coin distributed; and

(b) HCIL shall pay NSCL any amounts as a result of redemption of H Coins for coupons, vouchers etc., offered or provided by the Group's business units and tenants, and acceptance of coupons, vouchers, etc. offered or provided by HCIL under the Programme for any purchases at the Group's business units and tenants.

The relevant department of the Company will periodically review the individual agreements and transactions entered into under the Cleaning Services Agreement, the Goods and Gift Certificates Sales Agreement and the Joint Promotion Agreement and monitor the utilisation of the annual caps set out below to ensure compliance with the terms of such master agreements.

The maximum aggregate amounts payable/receivable by the Group under the transactions as contemplated in the above agreements will not exceed the following caps:

		Financial year ended 31 December 2024 (HK$)	Financial year ending 31 December 2025 (HK$)	Financial year ending 31 December 2026 (HK$)
(i)	**Annual caps for the aggregate amounts payable by the Group**			
	Cleaning Services Agreement	12,000,000	15,000,000	16,000,000[1]
	Joint Promotion Agreement	9,000,000[2]	9,000,000	9,000,000
(ii)	**Annual caps for the aggregate amounts receivable by the Group**			
	Goods and Gift Certificates Sales Agreement	20,000,000	20,000,000	10,000,000[1]
	Joint Promotion Agreement	6,000,000[2]	14,000,000	15,000,000

The amounts paid/received by the Group under the transactions as contemplated in the respective agreements mentioned above (collectively, the "Other Transactions") for the year ended 31 December 2024 are set out below:

		For the year ended 31 December 2024 (Approx. HK$)
(i)	**Amount paid by the Group**	
	Cleaning Services Agreement	7,449,000
	Joint Promotion Agreement	6,020,000[3]
(ii)	**Amount received by the Group**	
	Goods and Gift Certificates Sales Agreement	2,660,000
	Joint Promotion Agreement	2,646,000[3]

Notes:

1. *These annual caps relate to the period from 1 January 2026 up to the expiration date of the respective master agreements.*
2. *These annual caps relate to the period from the commencement date of the term of the Joint Promotion Agreement up to 31 December 2024.*
3. *These amounts relate to the period from the commencement date of the term of the Joint Promotion Agreement up to 31 December 2024.*

The Audit Department has reviewed the Framework Tenancy Transactions and the Other Transactions together with the relevant internal controls and confirmed to the Independent Non-executive Directors of the Company that the Framework Tenancy Transactions and the Other Transactions were conducted in accordance with the pricing mechanism and the terms under the relevant agreements. The Independent Non-executive Directors of the Company have reviewed and confirmed that such transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the terms of the respective agreements relating to the transactions in question and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditor of the Company has also confirmed that nothing has come to the Auditor's attention that causes it to believe that the Framework Tenancy Transactions and the Other Transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the respective caps as aforesaid.

The Company's Auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The material related party transactions set out in note 34 to the financial statements on page 153 include transactions that constitute continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other transaction, arrangement or contract that is significant in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had, directly or indirectly, a material interest, subsisted at the year end or at any time during the year.

Directors' Interests in Competing Business

For the year ended 31 December 2024, none of the Directors of the Company has interests in businesses which might compete with the Group.

Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts (as defined in Section 543 of the Companies Ordinance (Cap. 622)) relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Major Customers and Suppliers

For the year ended 31 December 2024:

(1) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and

(2) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

Discussion and Analysis of Performance

A discussion and analysis of the Group's performance during the year ended 31 December 2024 is shown on pages 14 to 16.

Sustainability

The report on sustainability is set out on pages 18 to 46 of this Annual Report and posted on the Company's website.

Retirement Benefits Scheme

Details of the retirement benefits schemes participated by the Group's employees are shown in note 28 to the financial statements on page 148.

Permitted Indemnity

The Articles of Association of the Company provide that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

In addition, the indemnity agreements made by the Company, which are currently in force and were in force throughout the financial year, contained permitted indemnity provisions (as permitted in Section 469(2) of the Companies Ordinance (Cap. 622)), for the benefit of the Directors of the Company. The Company has also in place and maintained Director's liability insurance throughout the financial year, which provides appropriate cover for the Directors.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Auditor

A resolution for the re-appointment of PricewaterhouseCoopers as Auditor of the Company is to be proposed at the forthcoming annual general meeting.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 47 to 68.

On behalf of the Board

Dr Lee Ka Shing

Chairman

Hong Kong, 20 March 2025

Biographical Details of Directors and Senior Management

Executive Directors

Dr LEE Ka Shing, *GBS, JP, DSSc (Hon),* aged 53, a Member of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1993 and was the Vice Chairman up to June 2015. On 1 July 2015, he was re-designated from the Vice Chairman to the Chairman and Managing Director of the Company. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He was educated in Canada. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the chairman and managing director of Henderson Land Development Company Limited ("Henderson Land"), the chairman and chief executive officer of Miramar Hotel and Investment Company, Limited as well as the chairman of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is a member of the Court of The University of Hong Kong, the Court of The Hong Kong Polytechnic University and the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Dr Lee Ka Kit and the brother-in-law of Mr Li Ning.

Dr the Hon LEE Ka Kit, *GBM, GBS, JP, DBA (Hon),* aged 61, a Member of the Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference, has been an Executive Director and the Vice Chairman of the Company since 1993. He was awarded the Grand Bauhinia Medal (GBM) by the Government of the Hong Kong Special Administrative Region in 2024 in recognition of his dedicated service and tremendous contributions to the community. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since 1985. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the chairman and managing director of Henderson Land Development Company Limited ("Henderson Land") as well as the chairman of The Hong Kong and China Gas Company Limited and Towngas Smart Energy Company Limited, all of which are listed companies. He is a member as well as the chairman of the Board of Directors of One Country Two Systems Research Institute. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2009 and an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in 2014. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development and Henderson Land which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Dr Lee Ka Shing and the brother-in-law of Mr Li Ning.

Dr LAM Ko Yin, Colin, *SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon), DSocSc (Hon),* aged 73, has been an Executive Director of the Company since 1988 and the Vice Chairman since 1993. He is also the chairman of the Whistleblowing Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company. Dr Lam holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 51 years' experience in banking and property development. He is the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Land Development Company Limited ("Henderson Land"), a non-executive director of The Hong Kong and China Gas Company Limited and an executive director of Miramar Hotel and Investment Company, Limited, all of which are listed companies. He is the deputy chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015, a degree of Doctor of Business Administration (Honoris Causa) by The Hong Kong University of Science and Technology in 2021 and a degree of Doctor of Social Sciences (Honoris Causa) by The University of Hong Kong in 2023. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LI Ning, *BSc, MBA,* aged 68, has been appointed an Executive Director of the Company since 2014. He holds a B.Sc. degree from Babson College and an M.B.A. degree from the University of Southern California. Mr Li set up the business of Citistore Stores in 1989 and has been managing the business since then in the capacity as a director, being a veteran with 35 years' experience in the department store business. He is also an executive director of Hong Kong Ferry (Holdings) Company Limited, a listed company. Mr Li is the son-in-law of Dr Lee Shau Kee and the brother-in-law of Dr Lee Ka Kit and Dr Lee Ka Shing.

CHEN Fok Lan, *BA,* aged 57, joined the Group in 2018 and has been an Executive Director of the Company since 16 July 2024. She is also the Retail Chief Executive Officer of Citistore Stores and Unicorn Stores overlooking the Group's department store and supermarket business. Ms Chen holds a Bachelor of Arts degree in Geography and Sociology from The University of Hong Kong. Ms Chen has over 30 years of extensive experience in the wholesale, retail and department store business in both Hong Kong and Canada.

Independent Non-executive Directors

KWONG Che Keung, Gordon, *FCA,* aged 75, has been an Independent Non-executive Director of the Company since 2004. He is also the chairman of the Audit Committee and the Corporate Governance Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from The University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an independent non-executive director of Henderson Land Development Company Limited ("Henderson Land"), Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd., FSE Lifestyle Services Limited and Piraeus Port Authority S.A. (listed in Greece), all of which are listed companies. Mr Kwong previously served as an independent non-executive director of CTF Services Limited (formerly known as NWS Holdings Limited) until 21 November 2022. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Professor KO Ping Keung, *PhD, FIEEE, JP,* aged 74, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Whistleblowing Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from The University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Peking University and Tsinghua University and Emeritus Professor of Electronic and Computer Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the vice chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991–1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982–1984. Professor Ko is an independent non-executive director of Henderson Land Development Company Limited ("Henderson Land"), Q Technology (Group) Company Limited and VTech Holdings Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

WU King Cheong, *BBS, JP,* aged 74, has been an Independent Non-executive Director of the Company since 2005. He is also the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Whistleblowing Committee of the Company. Mr Wu is the Life Honorary Chairman of The Chinese General Chamber of Commerce, and the Permanent Honorary President of the Chinese Gold & Silver Exchange Society and the Hong Kong Securities Association Limited. He is an independent non-executive director of Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited, Miramar Hotel and Investment Company, Limited and Yau Lee Holdings Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

AU Siu Kee, Alexander, *OBE, FCA, FCCA, FCPA, FCIB, FHKIB,* aged 78, has been appointed an Independent Non-executive Director of the Company since 2015. He is also a member of the Audit Committee and the Corporate Governance Committee of the Company. He was an executive director and the chief financial officer of Henderson Land Development Company Limited ("Henderson Land") from December 2005 to June 2011. He stepped down from the position of chief financial officer and was re-designated as a non-executive director of Henderson Land on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an independent non-executive director of Henderson Land until his retirement on 2 June 2015. In December 2018, Mr Au rejoined Henderson Land as an independent non-executive director. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Currently, Mr Au is an independent non-executive director of Wharf Real Estate Investment Company Limited and Miramar Hotel and Investment Company, Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is also the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of Henderson Land, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. As a professional accountant, he is a staunch advocate as well as a practitioner of enterprise risk management, with extensive experience particularly in financial risk management in both the financial services sector and the property sector. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Senior Management

LIU Cheung Yuen, Timon, *BEc, FCPA, CA (Aust), FCG, HKFCG,* aged 67, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr Liu graduated from Monash University, Australia with a bachelor's degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute, and an associate of The Institute of Chartered Accountants in Australia. He has many years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher, *BSc (Econ), FCA,* aged 62, joined the Henderson Land Group in 2007 and is presently the General Manager of Accounts Department. Mr Wong graduated from The London School of Economics and Political Science, University of London and is a fellow of The Institute of Chartered Accountants in England & Wales. He has 40 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Henderson Land Group, Mr Wong was the chief financial officer of Kerry Properties Limited between December 2004 and May 2007.

Financial Statements

Independent Auditor's Report

羅兵咸永道

To the members of Henderson Investment Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Henderson Investment Limited (the "Company") and its subsidiaries (the "Group") which are set out on pages 99 to 155, comprise:

- the consolidated statement of financial position at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is goodwill impairment assessment.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment Refer to note 3 (a) "Accounting estimates and judgments – Impairment of other assets" and note 19 "Goodwill" to the consolidated financial statements. As at 31 December 2024, the Group had recognised goodwill of HK$810 million relating to the acquisition of the entire issued share capital of Camay Investment Limited and its subsidiaries, namely Citistore (Hong Kong) Limited ("Citistore") and Puretech Investment Limited in 2014, and goodwill of HK$262 million relating to the acquisition of the entire issued share capital of Unicorn Stores (HK) Limited ("Unicorn"). For both Citistore and Unicorn, management has concluded that there was no impairment of goodwill as at 31 December 2024. This conclusion was based on the assessment that required significant management judgment with respect to the forecast receipts from gross sales and the gross profit margin for each of the five forecast years ending on 31 December 2025 to 31 December 2029 of each cash-generating unit, the discount rate and the terminal perpetual growth rate.	Our procedures in relation to management's impairment assessment on each cash-generating unit included: • Understanding management's internal control and process of the goodwill impairment assessment and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgment involved in determining the recoverable amounts of Citistore and Unicorn; • Assessing the valuation methodology used, which is discounted cash flow model, by management to estimate the recoverable amount with the support of our valuation experts; • Evaluating the key assumptions used in the calculations, comprising the forecast receipts from gross sales and the gross profit margin for each of the five forecast years ending on 31 December 2025 to 31 December 2029 of each cash-generating unit, and the discount rate and the terminal perpetual growth rate with the support of our valuation experts; • Comparing historical actual results to those budgeted to assess the quality of management's forecast; • Reconciling input data to the budgets approved by management where appropriate; and

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on auditing the goodwill impairment assessment because the significant assumptions used and judgment made in the goodwill impairment assessment is subject to a high degree of estimation uncertainty.	• Assessing management's sensitivity analyses around the key assumptions, to assess the potential impact of possible changes in the individual key assumptions. Based on the procedures performed, we found that the key assumptions made by management, including the discount rate, terminal perpetual growth rate and the cash flows used in the goodwill impairment assessment, were reasonable. We assessed the adequacy of the disclosures related to the carrying values of goodwill balances, including those relating to sensitivities, and agreed disclosures in the consolidated financial statements to the assessments tested and the assumptions applied in those assessments. We considered the disclosures to be appropriate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Kam Fung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2025

Consolidated Statement of Profit or Loss

for the year ended 31 December 2024

	Note	**2024** **HK$ million**	2023 HK$ million
Revenue	5	**1,535**	1,551
Direct costs		**(1,528)**	(1,482)
		7	69
Other revenue	6	**12**	11
Other income/expenses and other gains/losses, net	7	**4**	4
Selling and marketing expenses		**(23)**	(25)
Administrative expenses		**(109)**	(110)
Loss from operations		**(109)**	(51)
Finance costs on lease liabilities and bank loan interest expenses	8(c)	**(41)**	(35)
Loss before taxation	8	**(150)**	(86)
Income tax credit	11(a)	**25**	14
Loss attributable to equity shareholders of the Company for the year		**(125)**	(72)
		HK cents	HK cents
Loss per share			
– Basic and diluted	14	**(4.1)**	(2.4)

The notes on pages 106 to 155 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 13.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Loss attributable to equity shareholders of the Company for the year	**(125)**	(72)
Other comprehensive income for the year:		
Item that will not be reclassified to profit or loss:		
– Investments in listed securities designated as financial assets at fair value through other comprehensive income: net movement in the fair value reserve (non-recycling)	**5**	5
Total comprehensive income attributable to equity shareholders of the Company for the year	**(120)**	(67)

The notes on pages 106 to 155 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

at 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Non-current assets			
Fixed assets	15	**127**	182
Right-of-use assets	16	**628**	888
Trademarks	17	**34**	35
Investment in listed securities designated as financial assets at fair value through other comprehensive income	18	**29**	24
Investment in listed securities as financial assets at fair value through profit or loss	18	**20**	18
Goodwill	19	**1,072**	1,072
Deferred tax assets	27	**86**	61
		1,996	2,280
Current assets			
Inventories	20	**111**	122
Trade and other receivables	21	**45**	48
Tax recoverable		**1**	–
Cash and bank balances	22	**124**	85
		281	255
Current liabilities			
Trade and other payables	23	**378**	408
Lease liabilities	24	**249**	255
Amounts due to fellow subsidiaries	25	**5**	5
Current taxation		**–**	1
		632	669
Net current liabilities		**(351)**	(414)
Total assets less current liabilities		**1,645**	1,866
Non-current liabilities			
Lease liabilities	24	**417**	669
Amount due to a fellow subsidiary	26	**155**	–
Provision for reinstatement costs		**14**	18
Deferred tax liabilities	27	**6**	6
		592	693
NET ASSETS		**1,053**	1,173

Consolidated Statement of Financial Position

at 31 December 2024

	Note	**2024** **HK$ million**	2023 HK$ million
CAPITAL AND RESERVES			
Share capital	30(c)	**612**	612
Reserves		**441**	561
TOTAL EQUITY		**1,053**	1,173

Approved and authorised for issue by the Board of Directors on 20 March 2025.

Dr Lee Ka Shing
Dr Lee Ka Kit
Directors

The notes on pages 106 to 155 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

		Attributable to equity shareholders of the Company				
	Note	Share capital HK$ million	Capital reserve HK$ million	Fair value reserve (non-recycling) HK$ million	Retained profits HK$ million	Total equity HK$ million
Balance at 1 January 2023		612	10	(11)	659	1,270
Changes in equity for 2023:						
Loss for the year		–	–	–	(72)	(72)
Other comprehensive income for the year		–	–	5	–	5
Total comprehensive income for the year		–	–	5	(72)	(67)
Final dividend approved in respect of the previous financial year	13(b)	–	–	–	(30)	(30)
Balance at 31 December 2023		612	10	(6)	557	1,173
Balance at 1 January 2024		**612**	**10**	**(6)**	**557**	**1,173**
Changes in equity for 2024:						
Loss for the year		**–**	**–**	**–**	**(125)**	**(125)**
Other comprehensive income for the year		**–**	**–**	**5**	**–**	**5**
Total comprehensive income for the year		**–**	**–**	**5**	**(125)**	**(120)**
Balance at 31 December 2024		**612**	**10**	**(1)**	**432**	**1,053**

The notes on pages 106 to 155 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2024

	Note	2024 HK$ million	2023 HK$ million
Operating activities			
Loss before taxation		**(150)**	(86)
Adjustments for:			
Bank interest income	7	**–**	(2)
Dividend income from investment in listed securities designated as financial assets at fair value through other comprehensive income ("FVOCI") and investment in listed securities as financial assets at fair value through profit or loss ("FVPL")	7	**(4)**	(3)
Amortisation of trademarks	8(c)	**1**	2
Depreciation on fixed assets	8(c)	**59**	60
Depreciation on right-of-use assets	8(c)	**258**	234
Fixed assets written off	7	**2**	–
Net fair value (gain)/loss on investment in listed securities as financial assets at FVPL	7	**(2)**	2
Finance costs on lease liabilities	8(c)	**38**	34
Bank loan interest expenses	8(c)	**3**	1
Gain on disposal of fixed assets	7	**–**	(1)
Operating profit before changes in working capital		**205**	241
Decrease in inventories		**11**	9
Decrease/(increase) in trade and other receivables		**2**	(3)
Decrease in trade and other payables		**(14)**	(33)
Increase in amounts due to fellow subsidiaries		**–**	3
Cash generated from operations		**204**	217
Tax paid in Hong Kong		**(2)**	(8)
Net cash generated from operating activities		**202**	209
Investing activities			
Interest received		**–**	2
Dividends received from investment in listed securities designated as financial assets at FVOCI and investment in listed securities as financial assets at FVPL	7	**4**	3
Additions to fixed assets		**(25)**	(62)
Net cash used in investing activities		**(21)**	(57)

	Note	2024 HK$ million	2023 HK$ million
Financing activities			
Dividend paid to shareholders	13	**–**	(30)
Increase in amount due to a fellow subsidiary		**155**	–
Interest payments of lease liabilities to affiliates	24	**(18)**	(9)
Principal repayments of lease liabilities to affiliates	24	**(156)**	(166)
Interest payments of lease liabilities to third parties	24	**(20)**	(25)
Principal repayments of lease liabilities to third parties	24	**(100)**	(96)
Bank loan interest expenses paid		**(3)**	(1)
Net cash used in financing activities		**(142)**	(327)
Net increase/(decrease) in cash and cash equivalents		**39**	(175)
Cash and cash equivalents at 1 January		**85**	260
Cash and cash equivalents at 31 December	22	**124**	85

The notes on pages 106 to 155 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

1 GENERAL INFORMATION

Henderson Investment Limited ("the Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company during the year was investment holding and the principal activities of its subsidiaries during the year were investment holding and department stores and supermarket-cum-stores operations.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the material accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

(b) Changes in accounting policies

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

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*

In August 2020, the HKICPA issued amendments to HKAS 1 ("2020 HKAS 1 amendments") to clarify the requirements on determining whether a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The 2020 HKAS 1 amendments:

– specify that an entity's right to defer settlement must exist at the end of the reporting period;

– clarify that the classification is unaffected by management's intentions or expectations about the entity's intention to exercise its right to defer settlement;

– clarify how the lending conditions may affect classification; and

– clarify the classification of liabilities that will or may be settled by the entity's issuance of its own equity instruments.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

In December 2022, the HKICPA published further amendments to HKAS 1 ("2022 HKAS 1 amendments") to clarify how an entity determines the current/non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

Under these amendments, both the 2020 HKAS 1 amendments and 2022 HKAS 1 amendments are to be applied as a package on a retrospective basis for annual reporting periods beginning on or after 1 January 2024.

- Hong Kong Interpretation 5 (Revised), *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

This interpretation specifies that the classification of a term loan as a current or non-current liability in accordance with paragraph 69(d) of HKAS 1 shall be determined by reference to the existence of the borrower's right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

On this basis, a loan subject to loan agreement which includes a clause that gives the lender the unconditional right to require repayment of the loan from the borrower at any time shall be classified by the borrower as current in its statement of financial position.

- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

These amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction, and require that (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; and (ii) after initial recognition, the seller-lessee shall apply the general requirements for subsequent accounting of the lease liability in such a way that the seller-lessee does not recognise any gain or loss relating to the right of use over the sold asset which is retained by the seller-lessee under the sale and leaseback. The gain or loss on disposal of the sold asset shall be included in measuring the right-of-use asset upon initial recognition. The seller-lessee would reduce the lease liability as if the variable lease payments estimated at the date of the transaction had been paid, and any difference between the estimated variable lease payments and the amounts actually paid shall be recognised in profit or loss.

The board of directors of the Company ("Directors") have assessed and considered that none of the abovementioned amendments and interpretations has any material impact on the Group's financial position at 31 December 2024 or the Group's financial performance for the year then ended.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards which are not yet effective for the financial year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

	Effective for annual periods beginning on or after
Amendments to HKAS 21, *Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, *Classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	A date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements, except for HKFRS 18, where the presentation and disclosure of the consolidated financial statements are expected to change.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of these consolidated financial statements is the historical cost basis as modified by the revaluation of investment in listed securities designated as financial assets at fair value through other comprehensive income and investment in listed securities as financial assets at fair value through profit or loss.

The preparation of these consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the Group's management in the application of the Group's accounting policies that have significant effect on the consolidated financial statements and key sources of estimation uncertainty are discussed in note 3.

At 31 December 2024, the Group was in a net current liabilities position of HK$351 million (2023: HK$414 million). This was partly due to the recognition of the current portion of lease liabilities of HK$249 million (2023: HK$255 million) under HKFRS 16, *Leases* at 31 December 2024. Taking into account the expected cash flows from the Group's operations, the Group's available cash and bank balances, the Group's investments in unpledged listed securities which are realisable into cash, the banking facility available to the Group and the advances from a fellow subsidiary which are unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and have no fixed repayment terms, the Group's management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests' attributable share of the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)(ii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the aggregate of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group pursuant to the acquisition (if any). The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The accounting policy for goodwill arising from business combinations is set out in note 2(h).

(f) Fixed assets and depreciation

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)). All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Leasehold improvements	Over the unexpired term of lease or their expected useful life of 5 to 6 years, whichever is shorter
–	Furniture and equipment	5 years
–	Motor vehicles	4 to 5 years

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Fixed assets and depreciation (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where parts of an item of fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually for indications of impairment.

(g) Trademarks

Trademarks are recognised at fair value at the acquisition date. Trademarks are recognised in relation to the Group's department stores operation (see note 17), and are stated at cost less accumulated amortisation and impairment losses (see note 2(m)(ii)). Amortisation is provided to write off the cost of the trademarks using the straight-line method over a period of 30 years, commencing from the financial year in which the trademarks are recognised in the Group's consolidated financial statements.

(h) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group's previously held equity interest in the acquiree; over

(ii) the fair value of the acquiree's net identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see note 2(m)(ii)). Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, and is tested annually for impairment.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Leased assets

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for monetary consideration payable by the recipient of such right (i.e. the lessee). The right to control an identified asset is conveyed when the lessee has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Under HKFRS 16, *Leases*, at the lease commencement date, the Group (as the lessee) recognises a right-of-use asset and a lease liability, except for (i) short-term leases that have lease term of 12 months or less; and (ii) leases of low-value assets, to which the recognition exemption under HKFRS 16 is applicable. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

When a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The lease liability is remeasured when there is (i) a change in the future lease payments arising from a change in an index or rate; (ii) a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or (iii) a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (i.e. "lease modification") and which is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Leased assets (continued)

When a lease is capitalised, the right-of-use asset recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the lease commencement, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, discounted to their present value and less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)). Depreciation on the right-of-use asset is determined over the period from the commencement date of the lease to the end of the term of the lease, taking into consideration any renewal options attaching thereto. The Group presents the right-of-use asset separately from the lease liabilities in the consolidated statement of financial position.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Investments and other financial assets

(i) Classification

Debt instruments

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

– the asset is held within a business model with the objective of collecting the contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group classifies its financial assets at fair value through other comprehensive income ("FVOCI") only if both of the following criteria are met:

– the objective of the Group's business model is to hold the asset to collect the contractual cash flows and to sell financial assets; and

– the contractual terms of the debt instrument give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVPL").

Trade and other receivables (excluding prepayments) and cash and bank balances are classified at amortised cost (note 29).

Equity instruments

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading are measured at FVPL.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at FVPL are expensed in profit or loss.

Financial asset measured at amortised cost

A gain or loss on a financial asset measured at amortised cost and which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included under other income using the effective interest rate method. Foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Equity investments classified as FVOCI

The Group subsequently measures all equity investments at fair value, and presents fair value gains and losses on equity investments in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Equity investments that are elected by the Group to be classified as FVOCI do not report impairment losses (and reversal of impairment losses) separately from other changes in fair value. Dividend income from investments in listed securities designated as financial assets at FVOCI is recognised in profit or loss when the share price of the investment goes ex-dividend.

Financial asset at FVPL

Changes in the fair value of financial assets at FVPL are recognised in profit or loss and presented on a net basis within other gains/losses in the period in which it arises. Dividend income from investments in listed securities designated as financial assets at FVPL is recognised in profit or loss when the share price of the investment goes ex-dividend.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less loss allowances (see note 2(m)(i)).

(m) Credit losses and impairment of assets

(i) Impairment of financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its financial assets carried at amortised cost. ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For financial assets carried at amortised cost held by the Group (other than trade debtors without a significant financing component), the impairment methodology to be applied depends on whether there has been a significant increase in credit risk. At the end of each reporting period, the Group would measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition. Otherwise, the loss allowance for that financial instrument would be measured at an amount equal to 12-month ECLs. Note 4(a) details how the Group determines whether there has been a significant increase in credit risk. For trade debtors without a significant financing component, the impairment provision recognised, if any, was equal to the lifetime ECLs.

(ii) Impairment of other assets

Internal and external sources of information are regularly reviewed to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– right-of-use assets;

– trademarks;

– goodwill; and

– investments in subsidiaries.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value-in-use. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable), or value-in-use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the aforementioned interim period, the Group applies the same impairment testing, recognition and reversal criteria (see notes 2(m)(i) and (ii)) as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which such interim period relates.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are classified as current liabilities if the payment is due within 12 months from the end of the reporting period (or in the normal operating cycle of the business if longer).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued for in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

For long service payment, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s contributions towards the Occupational Retirement Schemes and the Mandatory Provident Fund Schemes that have been vested with employees, which are deemed to be contributions from the relevant employee.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

As referred to in note 27 to these consolidated financial statements, the Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which such deferred tax assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether the existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination); and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future; or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously;

or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income recognition

Revenue and other income are measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue and other income are recognised in profit or loss as follows:

(i) Sales of goods

Revenue arising from the sales of goods from department stores and supermarket-cum-stores operations is recognised at a point in time when the Group sells a product to the customer, which is taken to be the point in time when the customer has obtained control of the goods sold. Revenue is recognised after deduction of any trade discounts.

(ii) Commission income from consignment and concessionaire counters

Commission income from consignment and concessionaire counters is recognised at a point in time of the sales of goods by counter suppliers.

(iii) Promotion income, sponsorship fees and sundry income

Promotion income, sponsorship fees and sundry income are recognised over time when the services are provided.

(iv) Rental income for antenna sites

Rental income for antenna sites is recognised over the lease term.

(v) Interest income

Interest income is recognised as it accrues using the effective interest rate method.

(vi) Administration fee income

Administration fee income is recognised at a point in time of the sales of goods by counter suppliers.

(vii) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Translation of foreign currencies

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates on which the fair value was determined.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

(a) Impairment of other assets (see note 2(m)(ii))

If circumstances indicate that the carrying amounts of other assets may not be recoverable, the assets may be considered impaired and are tested for impairment. In addition, the recoverable amount of goodwill is estimated annually to evaluate whether or not there is any indication of impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount for the purpose of goodwill impairment assessment is value-in-use. In determining the recoverable amount of the goodwill which requires significant judgment, the Group estimates the future cash flows to be derived from the continuing use of the cash-generating unit of the business operation and applies an appropriate discount rate to these future cash flows.

(b) Recognition of deferred tax assets

As set out in note 27, at 31 December 2024 and 31 December 2023, the Group has recognised deferred tax assets mainly in relation to the tax loss and the recognition of right-of-use assets and lease liabilities under HKFRS 16. The realisability of deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are monitored by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables (excluding prepayments). Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not provide any guarantee which exposes the Group to credit risk.

(i) Bank deposits

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, the Group's management does not expect any of these financial institutions will fail to meet their obligations.

(ii) Trade and other receivables (excluding prepayments)

In respect of trade and other receivables (excluding prepayments), ECLs are measured in accordance with note 2(m)(i). The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis at the end of each reporting period. To assess whether there is a significant increase in credit risk on the assets, the Group compares the risk of default occurring at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable and supportive forward-looking information. Especially, the following indicators are incorporated:

– external credit rating of the counterparty (as far as available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

– actual or expected significant changes in the operating results of the counterparty; and

– significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

A default on trade and other receivables (excluding prepayments) occurs when the counterparty fails to make contractual payments when they fall due.

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

The Group considers the identified ECLs on trade and other receivables (excluding prepayments) at 31 December 2024 and 31 December 2023 as minimal.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group has adopted appropriate policies for its liquidity risk management practices which take into account the use of alternative sources of funding where necessary. This includes the Group's available cash and bank balances (see note 22), the Group's investments in unpledged listed securities (see note 18) which are realisable into cash, the banking facility available to the Group (see note 34) and the advances from a fellow subsidiary which are unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period and have no fixed repayment terms (see note 26).

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities at amortised cost (note 29), which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date on which the Group can be required to pay:

	2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million
Trade and other payables (excluding contract liabilities and provision for reinstatement costs)	**365**	**1**	**–**	**–**	**366**	**366**
Lease liabilities	**274**	**215**	**231**	**–**	**720**	**666**
Amounts due to fellow subsidiaries (under current liabilities)	**5**	**–**	**–**	**–**	**5**	**5**
Amount due to a fellow subsidiary (under non-current liabilities)	**–**	**155**	**–**	**–**	**155**	**155**
	644	**371**	**231**	**–**	**1,246**	**1,192**

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

	2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million
Trade and other payables (excluding contract liabilities)	396	1	–	–	397	397
Lease liabilities	292	277	374	73	1,016	924
Amounts due to fellow subsidiaries	5	–	–	–	5	5
	693	278	374	73	1,418	1,326

(c) Interest rate risk

At 31 December 2024 and 31 December 2023, the Group did not have any borrowings or liabilities (excluding the Group's lease liabilities recognised under HKFRS 16) which exposed the Group to significant interest rate risk. The Group monitors closely its interest rate exposure and will consider hedging significant interest rate exposure should the need arise. During the years ended 31 December 2024 and 31 December 2023, the Group did not enter into any interest rate hedging instruments.

(d) Foreign currency risk

At 31 December 2024 and 31 December 2023, there were insignificant balances where the denomination was in a currency other than the functional currencies of the Group's entities to which they related. The impact on the Group's loss after tax attributable to equity shareholders of the Company for each of the years ended 31 December 2024 and 31 December 2023, and total equity at each of 31 December 2024 and 31 December 2023, is not expected to be material in response to reasonably possible changes in the foreign exchange rates of the other currencies to which the Group is exposed.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values

Financial instruments are carried at fair value at the following different levels:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within Level 1 that are observable market data for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

At 31 December 2024 and 31 December 2023, the Group had investment in listed securities designated as financial assets at FVOCI and investment in listed securities as financial assets at FVPL. The fair value was stated at quoted market price, which was the bid price at the end of the reporting period. It is categorised under Level 1.

The Group had no other financial instruments which is measured at fair value at 31 December 2024 and 31 December 2023.

Other financial assets and liabilities are carried at amounts not materially different from their fair values at 31 December 2024 and 31 December 2023.

During the years ended 31 December 2024 and 31 December 2023, there was no transfer of financial assets and financial liabilities among Level 1, Level 2 and Level 3 fair value hierarchy classifications. There was no change in valuation techniques during the years ended 31 December 2024 and 31 December 2023.

(f) Price risk

The Group's exposure to securities price risk arises from the Group's investments in listed securities designated as financial assets at FVOCI and as financial assets at FVPL in the consolidated statement of financial position.

To manage its price risks from investments in listed securities, the Group diversifies its portfolio. Diversification of the portfolio is carried out in accordance with the limits set by the Group's management.

If the prices of these securities at 31 December 2024 had increased/decreased by 5% (2023: 5%), with all other variables held constant, the loss after tax attributable to equity shareholders of the Company would decrease/increase by HK$1 million (2023: HK$1 million) and the Group's total equity would increase/decrease by HK$2 million (2023: HK$2 million).

5 REVENUE

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

	2024 HK$ million	2023 HK$ million
Sales of goods	**1,151**	1,118
Commission income from consignment counters	**270**	305
Commission income from concessionaire counters	**103**	117
Promotion income	**6**	6
Administration fee income	**5**	5
	1,535	1,551

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

	2024 HK$ million	2023 HK$ million
Receipts from sales of goods by consignment counters	**1,003**	1,105
Receipts from sales of goods by concessionaire counters	**373**	440
	1,376	1,545

6 OTHER REVENUE

	2024 HK$ million	2023 HK$ million
Sponsorship fees	**3**	1
Rental income for antenna sites	**2**	2
Sundry income	**7**	8
	12	11

7 OTHER INCOME/EXPENSES AND OTHER GAINS/LOSSES, NET

	2024 HK$ million	2023 HK$ million
Bank interest income	–	2
Dividend income from listed investments	4	3
Fixed assets written off	(2)	–
Net fair value gain/(loss) on investment in listed securities as financial assets at FVPL (note 18)	2	(2)
Gain on disposal of fixed assets	–	1
	4	4

8 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2024 HK$ million	2023 HK$ million
(a)	**Directors' emoluments:**		
	Directors' fees, salaries, allowances and benefits-in-kind	1	1
	Details of the Directors' emoluments are set out in note 9.		
(b)	**Staff costs (other than Directors' emoluments):**		
	Salaries, wages and other benefits	245	264
	Contributions to defined contribution retirement plans	11	12
(c)	**Other items:**		
	Amortisation of trademarks (note 17)	1	2
	Depreciation		
	– on fixed assets (note 15)	59	60
	– on right-of-use assets (note (ii))(note 16)	258	234
	Auditors' remuneration		
	– audit services	2	2
	– other services	3	1
	Finance costs on lease liabilities (note (ii)) (notes 24 and 35)	38	34
	Bank loan interest expenses	3	1
	Expenses relating to short-term leases (note (ii))	1	3
	Other charges in respect of rental premises (notes (i) and (ii))	115	110
	Cost of inventories sold (note 20)	830	794

Notes:

(i) Included contingent rental expenses of HK$Nil (2023: HK$1 million) during the year.

(ii) For the purpose of comparison between the two financial years ended 31 December 2024 and 31 December 2023, the depreciation charge on right-of-use assets of HK$258 million (2023: HK$234 million), the finance cost on lease liabilities of HK$38 million (2023: HK$34 million) and the rental and related expenses of HK$116 million (2023: HK$113 million) are aggregated which amounted to HK$412 million for the year ended 31 December 2024 (2023: HK$381 million). The year-on-year increase of HK$31 million is mainly attributable to the effect of the renewal of the tenancy agreements between the store outlets of Citistore (Hong Kong) Limited ("Citistore") and a store outlet of Unicorn Stores (HK) Limited ("Unicorn") (collectively as lessees) and their landlords on 1 October 2023 subsequent to the expiry of the previous tenancy leases between the parties on 30 September 2023.

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2024				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Shing	50	–	–	–	50
Dr Lee Ka Kit	50	–	–	–	50
Dr Lam Ko Yin, Colin	50	–	–	–	50
Li Ning	50	–	–	–	50
Chen Fok Lan*	25	–	–	–	25
Independent Non-executive Directors					
Kwong Che Keung, Gordon	50	200	–	–	250
Professor Ko Ping Keung	50	200	–	–	250
Wu King Cheong	50	200	–	–	250
Au Siu Kee, Alexander	50	200	–	–	250
Total	425	800	–	–	1,225

* *Appointed as an Executive Director of the Company on 16 July 2024.*

9 DIRECTORS' EMOLUMENTS (CONTINUED)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows: (continued)

	2023				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Shing	50	–	–	–	50
Dr Lee Ka Kit	50	–	–	–	50
Dr Lam Ko Yin, Colin	50	–	–	–	50
Li Ning	50	–	–	–	50
Independent Non-executive Directors					
Kwong Che Keung, Gordon	50	200	–	–	250
Professor Ko Ping Keung	50	200	–	–	250
Wu King Cheong	50	200	–	–	250
Au Siu Kee, Alexander	50	200	–	–	250
Total	400	800	–	–	1,200

During the years ended 31 December 2024 and 31 December 2023, all the emoluments received by the Directors were in respect of their services as directors of the Company and/or its subsidiary undertakings.

During the year ended 31 December 2024 and at 31 December 2024, there were no loans, quasi-loans or other dealings in favour of the Directors, their controlled bodies corporate and connected entities for disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance (Cap. 622) and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (2023: None).

During the year ended 31 December 2024 and at 31 December 2024, save as disclosed elsewhere in these consolidated financial statements, there were no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and his/her connected entities had a material interest, subsisted at the end of the reporting period or at any time during the year for disclosure pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance (Cap. 622) and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (2023: None).

9 DIRECTORS' EMOLUMENTS (CONTINUED)

There was no arrangement under which a Director has waived or agreed to waive any emoluments during the current year and the prior year.

Certain of the Directors received emoluments from the Company's intermediate holding company for services provided to the Group. No apportionment has been made for the current year and the prior year as the Directors are of the opinion that it is impracticable to apportion the amounts between their services to the Company's intermediate holding company and its subsidiaries.

10 EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Emoluments of five highest paid individuals

Of the five individuals with the highest emoluments, none of them is a Director for both the current year and the prior year. Their emoluments are analysed as follows:

	2024 HK$ million	2023 HK$ million
Salaries, allowances and benefits-in-kind	**5**	6
Discretionary bonuses	**1**	–
Retirement scheme contributions	**–**	–
	6	6

Their emoluments are within the following bands:

	Number of individuals	
	2024	2023
HK$1,000,000 or below	**–**	1
HK$1,000,001 to HK$2,000,000	**5**	4
	5	5

(b) Emoluments of senior management

Other than the emoluments of the Directors disclosed in note 9, the senior management whose profiles are set out in the section "Biographical Details of Directors and Senior Management" of the Company's annual report for the year ended 31 December 2024 (of which these consolidated financial statements form a part) received no emoluments from the Group during the year (2023: Nil).

11 INCOME TAX CREDIT

(a) Income tax credit in the consolidated statement of profit or loss represents:

	2024 HK$ million	2023 HK$ million
Current tax expense – Hong Kong		
– provision for the year	–	9
Deferred taxation credit		
– origination and reversal of temporary differences (note 27)	**(25)**	(23)
	(25)	(14)

Provision for Hong Kong Profits Tax has been made at 16.5% (2023: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 100% (2023: 100%) of the tax payable for the year of assessment 2023/24 subject to a ceiling of HK$3,000 (2022/23: HK$6,000) for each business allowed by the Inland Revenue Department of the HKSAR Government.

(b) Reconciliation between income tax credit and accounting loss at applicable tax rates:

	2024 HK$ million	2023 HK$ million
Loss before taxation	**(150)**	(86)
Notional tax on loss before taxation, calculated at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	**(25)**	(14)
Tax effect of non-taxable income	**(1)**	(1)
Tax effect of non-deductible expenses	**1**	1
Income tax credit	**(25)**	(14)

12 SEGMENT REPORTING

No segmental information for the years ended 31 December 2024 and 31 December 2023 are presented as the Group's revenue and trading results for these years were generated solely from the Group's department stores and supermarket-cum-stores operations in Hong Kong, the revenue of which amounted to HK$1,535 million (2023: HK$1,551 million) during the year and the pre-tax loss from operation (after deducting finance costs on lease liabilities) of which amounted to HK$150 million during the year (2023: HK$81 million).

Geographical information

Since all of the Group's revenue was generated in Hong Kong during the years ended 31 December 2024 and 31 December 2023, and all of the Group's fixed assets, right-of-use assets, trademarks and goodwill at 31 December 2024 and 31 December 2023 were located in Hong Kong, no geographical information on the aforementioned items is presented in accordance with HKFRS 8, *Operating segments*.

13 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2024 HK$ million	2023 HK$ million
Interim dividend declared and paid of Nil (2023: Nil) per share	–	–
Final dividend proposed after the end of the reporting period of Nil (2023: Nil) per share	–	–
	–	–

After the end of the reporting period, the Directors have resolved not to declare any final dividend payable to equity shareholders of the Company for the year (2023: Nil).

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

	2024 HK$ million	2023 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of Nil (2023: HK1 cent) per share	–	30

14 LOSS PER SHARE – BASIC AND DILUTED

The calculation of basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of HK$125 million (2023: HK$72 million) and 3,047,327,395 (2023: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the year.

15 FIXED ASSETS

	Leasehold improvements HK$ million	Furniture and equipment HK$ million	Motor vehicles HK$ million	Total HK$ million
Cost:				
At 1 January 2023	257	134	1	392
Additions	59	16	–	75
Disposals	–	(3)	(1)	(4)
Written off	(26)	(3)	–	(29)
At 31 December 2023	290	144	–	434
Accumulated depreciation:				
At 1 January 2023	178	44	1	223
Charge for the year (note 8(c))	31	29	–	60
Written back on disposals	–	(1)	(1)	(2)
Written off	(26)	(3)	–	(29)
At 31 December 2023	183	69	–	252
Net book value:				
At 31 December 2023	107	75	–	182
Cost:				
At 1 January 2024	**290**	**144**	**–**	**434**
Additions	**–**	**6**	**–**	**6**
Written off	**(10)**	**(6)**	**–**	**(16)**
At 31 December 2024	**280**	**144**	**–**	**424**
Accumulated depreciation:				
At 1 January 2024	**183**	**69**	**–**	**252**
Charge for the year (note 8(c))	**30**	**29**	**–**	**59**
Written off	**(8)**	**(6)**	**–**	**(14)**
At 31 December 2024	**205**	**92**	**–**	**297**
Net book value:				
At 31 December 2024	**75**	**52**	**–**	**127**

16 RIGHT-OF-USE ASSETS

	2024 HK$ million	2023 HK$ million
Cost:		
At 1 January	**1,442**	2,121
Addition for the year (note 24)	**4**	454
Change in basic rent due to modification of certain lease terms (note 24)	**(6)**	(13)
Write back on expiry of leases	**(20)**	(1,120)
At 31 December	**1,420**	1,442
Accumulated depreciation:		
At 1 January	**(554)**	(1,440)
Charge for the year (note 8(c))	**(258)**	(234)
Write back on expiry of leases	**20**	1,120
At 31 December	**(792)**	(554)
Net book value:		
At 31 December	**628**	888

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset under HKFRS 16.

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

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

17 TRADEMARKS

	2024 **HK$ million**	2023 HK$ million
Cost:		
At 1 January and 31 December	**51**	51
Accumulated amortisation:		
At 1 January	**16**	14
Charge for the year (note 8(c))	**1**	2
At 31 December	**17**	16
Carrying amount:		
At 31 December	**34**	35

On 1 December 2014, the Company completed its acquisition of the entire issued share capital of Camay Investment Limited and its subsidiaries, namely Citistore which is engaged in department stores operation and Puretech Investment Limited (the "Citistore Acquisition"). The Group has adopted the purchase price allocation method in accordance with HKFRS 3 (Revised), *Business combinations* under the Citistore Acquisition, and has recognised trademarks as an identifiable asset measured at fair value at the acquisition date based on the Directors' valuation with reference to an independent valuation performed by a professional valuer. A deferred tax liability of HK$6 million arising from the fair value adjustment on business combination in 2014 (i.e. in relation to the trademarks) was recognised at 31 December 2024 (2023: HK$6 million) (see note 27).

As referred to in note 2(g) to these consolidated financial statements, the Group's accounting policy on the trademarks is to write off the cost of the trademarks using the straight-line method over a period of 30 years, commencing from the financial year in which the trademarks are recognised in the Group's consolidated financial statements. The Group's management has performed an annual review of the amortisation period and the amortisation method adopted by the Group in relation to the trademarks, and considered that the accounting policy on the trademarks was appropriate for the years ended 31 December 2024 and 31 December 2023.

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

18 INVESTMENTS IN LISTED SECURITIES DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment in listed securities designated as financial assets at fair value through other comprehensive income

At 31 December 2024 and 31 December 2023, the Group beneficially held Hong Kong listed securities issued by a financial institution. Such securities are denominated in Hong Kong dollars. Dividend income recognised during the year ended 31 December 2024 amounted to HK$3 million (2023: HK$2 million). The net fair value gain on investment in listed securities designated as financial assets at fair value through other comprehensive income amounted to HK$5 million for the year ended 31 December 2024 (2023: HK$5 million) and was recognised in the fair value reserve (non-recycling) in the Group's consolidated statement of changes in equity.

Investment in listed securities as financial assets at fair value through profit or loss

At 31 December 2024 and 31 December 2023, the Group beneficially held Hong Kong listed securities issued by an energy-related business. Such securities are denominated in Hong Kong dollars. Dividend income recognised during the year ended 31 December 2024 amounted to HK$1 million (2023: HK$1 million). The net fair value gain on investment in listed securities as financial assets at fair value through profit or loss amounted to HK$2 million for the year ended 31 December 2024 (2023: net fair value loss of HK$2 million) and was recognised in other income/expenses and other gains/losses, net (see note 7).

For an analysis of the sensitivity of such securities to price risk, please refer to note 4(f) to these consolidated financial statements.

19 GOODWILL

	2024 **HK$ million**	2023 HK$ million
Citistore Goodwill (as defined below)	**810**	810
Unicorn Goodwill (as defined below)	**262**	262
	1,072	1,072

(a) Citistore Goodwill

As a result of the Citistore Acquisition (see note 17), goodwill (the "Citistore Goodwill") was recognised in the Group's consolidated statement of financial position at 1 December 2014 under the acquisition method of accounting in accordance with HKFRS 3 (Revised), *Business combinations*. The Citistore Goodwill is allocated to the Group's department stores operation under Citistore and is tested for impairment at the end of the reporting period (see note 2(m)(ii)).

19 GOODWILL (CONTINUED)

(a) Citistore Goodwill (continued)

Impairment assessment is carried out by determining the value-in-use of the cash-generating units under Citistore. The Directors have adopted the value-in-use of the cash-generating units under Citistore for the purpose of impairment assessment on the Citistore Goodwill at 31 December 2024. The value-in-use is represented by the net present value of future forecast post-tax net cash inflows (excluding the rental expenditures of the store outlets and other rental premises recognised as lease liabilities at 31 December 2024) for the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 of the cash-generating units which is determined on the basis of the discounted cashflow model and management's expectations of market development and the extended membership loyalty programmes (see note 34(iii)), and the following assumptions:

(i) an average increase of 6.1% in the forecast receipts from gross sales for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029;

(ii) an average increase of 0.3 percentage point in the gross profit margin for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029; and

(iii) a terminal value into perpetuity in accordance with the perpetual growth model, which is determined based on the forecast net cash inflow for the period of twelve months subsequent to 31 December 2029 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

The abovementioned forecast changes in the receipts from gross sales in each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 are based on the expectations of the Group's management of their plans and market development as at 31 December 2024. A post-tax discount rate of 12% (2023: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating units under Citistore, is used to determine the discount factor under the discounted cashflow model.

The Directors have assessed that there was no impairment on the Citistore Goodwill at 31 December 2024.

At 31 December 2024, in relation to the cash-generating units under Citistore, the recoverable amount calculated based on value-in-use (after deducting the carrying amounts of the fixed assets, right-of-use assets, trademarks and negative working capital of Citistore at 31 December 2024) exceeded the carrying value. If the post-tax discount rate had been 1% higher, or if the forecast receipts from gross sales had been 3% lower, or if the forecast gross profit margin had been 1.5% lower for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029, the Directors have assessed that there would be a potential implication for impairment on the Citistore Goodwill in an estimated amount of HK$19 million, HK$82 million and HK$183 million respectively. In this regard, by adopting a 3% decrease in the forecast receipts from gross sales and a 1.5% decrease in the forecast gross profit margin for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 in the aforementioned sensitivity analyses, consideration has been given to, among others, (i) the feature of Citistore's business operation of department stores in Hong Kong; (ii) the sensitivity of Citistore's business operation to the economic and market conditions in Hong Kong; and (iii) Citistore's actual versus budgeted financial performances in the past years.

19 GOODWILL (CONTINUED)

(b) Unicorn Goodwill

On 31 May 2018, Urban Kirin Limited, a wholly-owned subsidiary of the Company, acquired the entire issued share capital of UNY (HK) Co., Limited (which was renamed as Unicorn on 27 July 2018) (the "Unicorn Acquisition"). As a result of the Unicorn Acquisition, goodwill (the "Unicorn Goodwill") was recognised in the Group's consolidated statement of financial position at 31 May 2018 under the acquisition method of accounting in accordance with HKFRS 3 (Revised), *Business combinations*. The Unicorn Goodwill is allocated to the Group's supermarket-cum-stores operation under Unicorn and is tested for impairment at the end of the reporting period (see note 2(m)(ii)).

Impairment assessment is carried out by determining the value-in-use of the cash-generating units under Unicorn. The Directors have adopted the value-in-use of the cash-generating units under Unicorn for the purpose of impairment assessment on the Unicorn Goodwill at 31 December 2024. The value-in-use is represented by the net present value of future forecast post-tax net cash inflows (excluding the rental expenditures of the store outlets and other rental premises recognised as lease liabilities at 31 December 2024) for the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 of the cash-generating units which is determined on the basis of the discounted cashflow model and management's expectations of market development and the extended membership loyalty programmes (see note 34(iii)), and the following assumptions:

(i) an average increase of 6.8% in the forecast receipts from gross sales for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029;

(ii) an average increase of 0.8 percentage point in the gross profit margin for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029; and

(iii) a terminal value into perpetuity in accordance with the perpetual growth model, which is determined based on the forecast net cash inflow for the period of twelve months subsequent to 31 December 2029 and assuming a terminal perpetual growth rate of 2% for each subsequent period of twelve months thereafter.

The abovementioned forecast changes in the receipts from gross sales in each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 are based on the expectations of the Group's management of their plans and market development as at 31 December 2024. A post-tax discount rate of 12% (2023: 12%), which represents the Group's current market assessment of the risks specific to the cash-generating units under Unicorn, is used to determine the discount factor under the discounted cashflow model.

19 GOODWILL (CONTINUED)

(b) Unicorn Goodwill (continued)

The Directors have assessed that there was no impairment on the Unicorn Goodwill at 31 December 2024.

At 31 December 2024, in relation to the cash-generating units under Unicorn, the recoverable amount calculated based on value-in-use (after deducting the carrying amounts of the fixed assets, right-of-use assets and negative working capital of Unicorn at 31 December 2024) exceeded the carrying value. If the post-tax discount rate had been 1% higher, the Directors have assessed that it would not result in an impairment loss on the Unicorn Goodwill. However, if the forecast receipts from gross sales had been 3% lower for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029, or if the forecast gross profit margin had been 1.5% lower for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029, the Directors have assessed that there would be a potential implication for impairment on the Unicorn Goodwill in an estimated amount of HK$56 million and HK$152 million respectively. In this regard, by adopting a 3% decrease in the forecast receipts from gross sales and a 1.5% decrease in the forecast gross profit margin for each of the future five forecast years ending on 31 December 2025, 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 in the aforementioned sensitivity analyses, consideration has been given to, among others, (i) the feature of Unicorn's business operation of supermarket-cum-stores in Hong Kong; (ii) the sensitivity of Unicorn's business operation to the economic and market conditions in Hong Kong; and (iii) Unicorn's actual versus budgeted financial performances in the past years.

20 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2024 HK$ million	2023 HK$ million
Finished goods	**111**	122

The analysis of the amount of inventories recognised as an expense and included in "direct costs" in profit or loss (see note 8(c)) was as follows:

	2024 HK$ million	2023 HK$ million
Carrying amount of inventories sold	**821**	789
Write-down of inventories	**9**	5
	830	794

21 TRADE AND OTHER RECEIVABLES

	2024 HK$ million	2023 HK$ million
Trade debtors	**15**	24
Deposits, prepayments and other receivables	**30**	24
	45	48

At 31 December 2024, all of the trade and other receivables were expected to be recovered or recognised as expense within one year, except for various deposits of HK$11 million (2023: HK$12 million) which were expected to be recovered after more than one year.

(a) Ageing analysis

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

	2024 HK$ million	2023 HK$ million
Current or under 1 month overdue	**15**	24

(b) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired was as follows:

	2024 HK$ million	2023 HK$ million
Neither past due nor impaired	**15**	24

Receivables which were past due but not impaired related to counter-parties which have a good track record of trading with the Group.

22 CASH AND BANK BALANCES

	2024 HK$ million	2023 HK$ million
Cash at bank and in hand	**124**	85
Cash and bank balances in the consolidated statement of financial position and cash and cash equivalents in the consolidated cash flow statement	**124**	85

23 TRADE AND OTHER PAYABLES

	2024 HK$ million	2023 HK$ million
Trade creditors	**271**	281
Contract liabilities (note)	**8**	11
Accrued expenses and other payables	**89**	108
Deposits received	**10**	8
	378	408

Note: During the year ended 31 December 2024, HK$7 million (2023: HK$14 million) that was included in the contract liabilities balance at the beginning of the year was recognised as revenue. Most of the contract liabilities at 31 December 2024 and 31 December 2023 were expected to be recognised within one year.

At 31 December 2024, all of the trade and other payables were interest-free and repayable within one year or on demand except for an amount of HK$1 million (2023: HK$1 million) which was expected to be settled after more than one year.

The ageing analysis of trade creditors of the Group at the end of the reporting period was as follows:

	2024 HK$ million	2023 HK$ million
Due within 1 month or on demand	**237**	247
Due after 1 month but within 3 months	**34**	34
	271	281

24 LEASE LIABILITIES

	2024 HK$ million	2023 HK$ million
At 1 January	**924**	745
Addition for the year (note 16)	**4**	454
Change in basic rent due to modification of certain lease terms (note 16)	**(6)**	(13)
Lease payments made during the year	**(294)**	(296)
Finance costs on lease liabilities for the year (note 8(c))	**38**	34
At 31 December	**666**	924

	2024 HK$ million	2023 HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**249**	255
Amount classified under non-current liabilities		
– contractual maturity after 1 year and within 2 years	**200**	250
– contractual maturity after 2 years and within 5 years	**217**	344
– contractual maturity after 5 years	**–**	75
	417	669
Total carrying amount of lease liabilities	**666**	924

Finance cost is determined and recognised on the basis of the Group's estimated incremental borrowing rate of 4.8% per annum on the carrying balance of the lease liability of each Remaining Lease recognised under HKFRS 16 (see note 16) at initial recognition and as adjusted for addition for the year and the modification of certain lease terms, and after deducting the lease payments made for such Remaining Leases during the year ended 31 December 2024 and the corresponding year ended 31 December 2023. The Directors considered the Group's estimated incremental borrowing rate, as referred to above, to be appropriate in view of the market environment and economic conditions under which each Remaining Lease operates.

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

Included in lease liabilities at 31 December 2024 is an amount of HK$288 million (2023: HK$453 million) relating to the lease liabilities payable to affiliates.

25 AMOUNTS DUE TO FELLOW SUBSIDIARIES

At 31 December 2024 and 31 December 2023, all of the amounts due to fellow subsidiaries under current liabilities were unsecured, interest-free and repayable within one year or on demand.

26 AMOUNT DUE TO A FELLOW SUBSIDIARY

At 31 December 2024, the amount due to a fellow subsidiary (being a wholly-owned subsidiary of an intermediate holding company of the Company) under non-current liabilities was unsecured, interest-free, not expected to be repayable within one year from the end of the reporting period, and has no fixed repayment terms (2023: Nil).

27 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax (assets)/liabilities of the Group recognised in the consolidated statement of financial position and the movements during the year were as follows:

Deferred taxation arising from:	Difference between depreciation on fixed assets and the related depreciation allowances HK$ million	Tax loss HK$ million	Fair value adjustment on business combination (note 17) HK$ million	Recognition of right-of-use assets and lease liabilities under HKFRS 16 HK$ million	Total HK$ million
At 1 January 2023	–	(36)	7	(3)	(32)
Credited to profit or loss (note 11(a))	(1)	(19)	(1)	(2)	(23)
At 31 December 2023	(1)	(55)	6	(5)	(55)
At 1 January 2024	**(1)**	**(55)**	**6**	**(5)**	**(55)**
Credited to profit or loss (note 11(a))	**(1)**	**(23)**	**–**	**(1)**	**(25)**
At 31 December 2024	**(2)**	**(78)**	**6**	**(6)**	**(80)**

27 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax (assets)/liabilities in relation to the recognition of right-of-use assets and lease liabilities under HKFRS 16 comprise the following:

Deferred taxation arising from:	**Lease liabilities HK$ million**	**Right-of-use assets HK$ million**	**Recognition of right-of-use assets and lease liabilities under HKFRS 16 HK$ million**
At 1 January 2023			
– as originally stated	–	–	(3)
– impact of amendments to HKAS12	(116)	113	
– as restated	(116)	113	(3)
Additions, net	(73)	73	–
Charged/(credited) to profit or loss	37	(39)	(2)
At 31 December 2023	(152)	147	(5)
At 1 January 2024	**(152)**	**147**	**(5)**
Charged/(credited) to profit or loss	**42**	**(43)**	**(1)**
At 31 December 2024	**(110)**	**104**	**(6)**

	2024 HK$ million	2023 HK$ million
Net deferred tax assets recognised in the consolidated statement of financial position	**(86)**	(61)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**6**	6
	(80)	(55)

28 EMPLOYEE RETIREMENT BENEFITS

The Group's employees employed under the jurisdiction of the Hong Kong Employment Ordinance participate in the Group's Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPFO"). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the Group and the employees are each required to make monthly contributions to the plan at 5% of the employees' monthly relevant income (subject to a cap of monthly relevant income of HK$30,000). Such contributions to the MPF Scheme vest immediately. The portion of the employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. No forfeited contributions were utilised during the current year and the prior year.

Furthermore, due to historical factors, certain long-time employees of Citistore and Unicorn, both being indirect wholly-owned subsidiaries of the Company, receive the benefit of contributions under the Occupational Retirement Schemes Ordinance ("ORSO"). The long-time employees of Citistore and Unicorn are also entitled to retirement benefits under long service payment liabilities on cessation of employment in accordance with the employee's years of service under the Hong Kong Employment Ordinance and which amounts are reduced by the employee's accrued entitlements under Citistore's and Unicorn's defined contribution retirement schemes.

The Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was enacted in June 2022 which abolishes the use of the accrued benefits of employers' mandatory contributions under the MPFO and/or ORSO to offset severance payment and long service payment (the "Offsetting Arrangement"). The abolishment of the Offsetting Arrangement would increase the state benefits that affect the long service payment payable by the employer. In accordance with the requirement of HKAS19 *Employee benefits*, management has re-measured the provision for long service payment to reflect the financial impact of the abolishment of the Offsetting Arrangement. As a result, a provision for long service payment in the amount of HK$8 million has been recognised at 31 December 2024 (2023: HK$7 million) which is included in accrued expenses and other payables in note 23 "Trade and other payables" to the Group's consolidated financial statements for the year ended 31 December 2024.

29 FINANCIAL INSTRUMENTS BY CATEGORY

The Group held the following financial instruments at 31 December 2024 and 31 December 2023:

	2024 HK$ million	2023 HK$ million
Financial assets		
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	**29**	39
Cash and bank balances	**124**	85
Financial assets at fair value through other comprehensive income		
Investment in listed securities	**29**	24
Financial assets at fair value through profit or loss		
Investment in listed securities	**20**	18
	202	166
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables (excluding contract liabilities and provision for reinstatement costs) (note 4(b))	**366**	397
Lease liabilities (notes 4(b) and 24)	**666**	924
Amounts due to fellow subsidiaries (under current liabilities) (notes 4(b) and 25)	**5**	5
Amount due to a fellow subsidiary (under non-current liabilities) (notes 4(b) and 26)	**155**	–
	1,192	1,326

30 STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVE OF THE COMPANY

(a) Statement of financial position

	Note	2024 HK$ million	2023 HK$ million
Non-current asset			
Investments in subsidiaries		–	351
Current asset			
Amounts due from affiliates		**1,583**	1,450
Current liabilities			
Trade and other payables		**3**	3
Amounts due to affiliates		**67**	423
		70	426
Net current asset		**1,513**	1,024
Total assets less current liabilities		**1,513**	1,375
Non-current liability			
Amount due to a fellow subsidiary		**155**	–
NET ASSETS		**1,358**	1,375
CAPITAL AND RESERVES			
Share capital	30(c)	**612**	612
Reserve		**746**	763
TOTAL EQUITY		**1,358**	1,375

The statement of financial position of the Company was approved by the Board of Directors on 20 March 2025 and was signed on its behalf by:

Dr Lee Ka Shing
Dr Lee Ka Kit
Directors

30 STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVE OF THE COMPANY (CONTINUED)

(b) Movement in reserve

	Retained profits HK$ million
At 1 January 2023	732
Movement in reserve for 2023:	
Profit for the year	61
Final dividend approved and paid in respect of the previous financial year (note 13(b))	(30)
At 31 December 2023	763
At 1 January 2024	**763**
Movement in reserve for 2024:	
Loss for the year	**(17)**
At 31 December 2024	**746**

(c) Share capital

	The Group and the Company			
	Number of shares		Amount	
	2024 million	2023 million	**2024 HK$ million**	2023 HK$ million
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**3,047**	3,047	**612**	612

(d) Distributability of reserve

At 31 December 2024, the aggregate amount of reserve available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), was HK$746 million (2023: HK$763 million). As stated in note 13(a), after the end of the reporting period, the Directors have resolved not to declare any final dividend payable to equity shareholders of the Company for the year (2023: Nil).

31 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that the Group can continue to provide financial returns to shareholders, and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in the light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in business operations such as the department stores and supermarket-cum-stores operations. Gearing ratio is calculated based on the net bank borrowings and shareholders' funds of the Group at the end of the reporting period. At 31 December 2024, the Group maintained net cash and bank balances (after deducting the Group's total bank borrowings of HK$Nil (2023: HK$Nil) and excluding the Group's lease liabilities recognised under HKFRS 16 of HK$666 million at 31 December 2024 (2023: HK$924 million) (note 24)) of HK$124 million (2023: HK$85 million) (note 22), and therefore the Group's gearing ratio was Nil (2023: Nil).

The Group was not subject to externally imposed capital requirements during the years ended 31 December 2024 and 31 December 2023, and at 31 December 2024 and 31 December 2023.

32 CAPITAL COMMITMENTS

At 31 December 2024, the Group had capital commitments in relation to fixed assets contracted but not provided for in these consolidated financial statements in the amount of HK$4 million (2023: HK$6 million).

33 CONTINGENT LIABILITIES

At 31 December 2024 and 31 December 2023, the Group did not have any contingent liabilities.

34 MATERIAL RELATED PARTY TRANSACTIONS

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

Transactions with fellow subsidiaries (note (i))

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

	2024 **HK$ million**	2023 HK$ million
Rental paid and payable (note (ii))	**243**	245
Cleaning expenses	**7**	7
Car park expenses	**1**	1
Management fee income	**–**	2
Gift certificates sold	**1**	1
Sales of rapid test kits, masks and others	**4**	2
Sales of goods settled by H•COINS (note (iii))	**4**	–
Transfer of H•COINS (note (iii)) to a fellow subsidiary	**6**	–

During the year ended 31 December 2024, the addition to right-of-use assets (see note 16) included an amount of HK$Nil million (2023: HK$448 million) in relation to tenancy leases entered into with fellow subsidiaries.

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$69 million for the year ended 31 December 2024 (2023: HK$67 million).

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

At 31 December 2024, a banking facility has been granted to a direct wholly-owned subsidiary of the Company and a fellow subsidiary of the Group in an aggregate amount of up to HK$650 million, the maximum sub-limit of which available to the Group amounted to HK$250 million, and of which an amount of HK$125 million was available for drawdown by the Group. This facility is guaranteed by an intermediate holding company of the Company in favour of the lending bank.

At 31 December 2024, under a banking facility granted to an intermediate holding company of the Company, a bank had issued a letter of guarantee to a landlord in lieu of rental deposit in the amount of HK$3 million (2023: HK$3 million) in connection with a store operated by an indirect wholly-owned subsidiary of the Company.

35 MOVEMENTS IN THE CARRYING AMOUNTS OF ITEMS RELATING TO FINANCING ACTIVITIES

	Final dividend for the previous financial year payable (note 13(b)) HK$ million	Lease liabilities (note 24) HK$ million	Total HK$ million
At 1 January 2023	–	745	745
Recognition during the year, net	30	441	471
Payments	(30)	(296)	(326)
Finance costs (note 8(c))	–	34	34
At 31 December 2023	–	924	924
At 1 January 2024	**–**	**924**	**924**
Recognition during the year, net	**–**	**(2)**	**(2)**
Payments	**–**	**(294)**	**(294)**
Finance costs (note 8(c))	**–**	**38**	**38**
At 31 December 2024	**–**	**666**	**666**

36 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors have resolved not to declare any final dividend payable to equity shareholders of the Company for the year (2023: Nil), further details of which are set out in note 13(a).

37 PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the Directors considered that the Company's parent and ultimate controlling party are Kingslee S.A. (a private limited liability company incorporated in the Republic of Panama) and Henderson Development Limited (a private limited liability company incorporated in Hong Kong), respectively. These entities do not produce financial statements available for public use.

The parent of Kingslee S.A. is HLD, a public limited liability company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. HLD produces consolidated financial statements, including those of the Group, which are available for public use.

Principal Subsidiaries

At 31 December 2024

Set out below are the particulars of the principal subsidiaries of the Company at 31 December 2024 which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group. All the principal subsidiaries are incorporated and operate in Hong Kong unless otherwise stated. None of the principal subsidiaries had debt securities in issue at the end of the reporting period.

		Particulars of issued share capital	Percentage of shares held by the Company	
		HK$	Directly	Indirectly
A	**Department stores, supermarket-cum-stores and central warehouse operations**			
	Citistore (Hong Kong) Limited	1	–	100
	Unicorn Stores (HK) Limited	35,000,000	–	100
	Newmarket Sourcing Company Limited	1	–	100
B	**Finance**			
	Henderson Investment Finance Limited	100,000	100	–
C	**Investment holding**			
	Uniland Development Limited	2	100	–

Corporate Information

Board of Directors

Executive Directors

Dr Lee Ka Shing *(Chairman and Managing Director)*
Dr Lee Ka Kit *(Vice Chairman)*
Dr Lam Ko Yin, Colin *(Vice Chairman)*
Li Ning
Chen Fok Lan

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Audit Committee

Kwong Che Keung, Gordon*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Remuneration Committee

Wu King Cheong*
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung

Nomination Committee

Dr Lee Ka Shing*
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong

Corporate Governance Committee

Kwong Che Keung, Gordon*
Au Siu Kee, Alexander

Whistleblowing Committee

Dr Lam Ko Yin, Colin*
Professor Ko Ping Keung
Wu King Cheong

** Committee Chairman*

Company Secretary

Liu Cheung Yuen, Timon

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Share Registrar

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16 Harcourt Road
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited (Stock Code: 97)

Shares are also traded in the United States through an American Depositary Receipt Level 1 Programme
(Ticker Symbol: HDVTY
CUSIP Reference Number: 425070109)

Authorised Representatives

Dr Lam Ko Yin, Colin
Liu Cheung Yuen, Timon

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Solicitors

Woo Kwan Lee & Lo
Lo & Lo

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

Concept, design and printing: iONE Financial Press Limited.   Website: www.ione.com.hk

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