AEON Stores (Hong Kong) Co., Limited

永旺(香港)百貨有限公司

2025 Interim Report

Stock Code: 984

Everything we do, We do for our customers

Pursuing peace, Respecting humans, and Contributing to local communities,
Always with customers as our starting point

ÆON ÆON STYLE ÆON SUPERMARKET LIVING PLAZA DAISO JAPAN ものもの Mono Mono KOMEDA'S Coffee Bread Factory CANTEVOLE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. NAGASHIMA Takenori *(Managing Director)*
Mr. HISANAGA Shinya

Non-executive Directors
Mr. GOTO Toshiya *(Chairman)*
Mr. INOHARA Hiroyuki
Mr. YOKOCHI Yasutoshi

Independent Non-executive Directors
Mr. MIZUNO Hideto
Ms. SHUM Wing Ting
Ms. WONG Mei Ling

NOMINATION COMMITTEE

Mr. GOTO Toshiya *(Chairman)*
Mr. MIZUNO Hideto
Ms. SHUM Wing Ting
Ms. WONG Mei Ling

REMUNERATION COMMITTEE

Ms. SHUM Wing Ting *(Chairman)*
Mr. GOTO Toshiya
Mr. MIZUNO Hideto
Ms. WONG Mei Ling

AUDIT COMMITTEE

Ms. WONG Mei Ling *(Chairman)*
Mr. GOTO Toshiya
Mr. MIZUNO Hideto
Ms. SHUM Wing Ting

COMPANY SECRETARY

Mr. CHAN Kwong Leung Eric

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with the Accounting and Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Mizuho Bank, Ltd.
MUFG Bank, Ltd.
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

REGISTERED OFFICE

G-4 Floor, Kornhill Plaza (South)
2 Kornhill Road, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 07-11, 26/F, CDW Building
388 Castle Peak Road Tsuen Wan,
New Territories, Hong Kong
Tel: (852) 2565 3600
Fax: (852) 2563 8654

STOCK CODE

984

WEBSITE

www.aeonstores.com.hk

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Six months ended 30 June 2025 HK$'000 (unaudited)	2024 HK$'000 (unaudited)
Revenue	3	**3,930,714**	4,052,133
Other income	4	**218,487**	235,046
Investment income		**5,432**	7,790
Interest income from rental deposits		**6,032**	5,236
Purchase of goods and changes in inventories		**(2,829,827)**	(2,902,908)
Staff costs		**(417,893)**	(487,956)
Depreciation of investment properties		**(36,429)**	(37,659)
Depreciation of property, plant and equipment		**(70,791)**	(67,231)
Depreciation of right-of-use assets		**(334,687)**	(320,461)
Leases expenses		**(30,309)**	(64,847)
Other expenses	6	**(525,889)**	(506,493)
Pre-operating expenses		**(5,606)**	(1,413)
Other gains and losses	5	**(21,866)**	11,939
Finance costs		**(2,987)**	–
Interest on lease liabilities		**(110,010)**	(96,616)
Loss before tax		**(225,629)**	(173,440)
Income tax expense	7	**(743)**	(748)
Loss for the period	8	**(226,372)**	(174,188)
Loss for the period attributable to:			
Owners of the Company		**(217,394)**	(171,176)
Non-controlling interest		**(8,978)**	(3,012)
		(226,372)	(174,188)
Loss per share (basic and diluted)	10	**(83.61) HK cents**	(65.84) HK cents

The notes on pages 9 to 19 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period	**(226,372)**	(174,188)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Fair value gain/(loss) on investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI")	**3,128**	(7,532)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of operations outside Hong Kong	**(1,940)**	(377)
Other comprehensive income for the period, net of income tax	**1,188**	(7,909)
Total comprehensive income for the period	**(225,184)**	(182,097)
Total comprehensive income for the period attributable to:		
Owners of the Company	**(216,932)**	(179,233)
Non-controlling interest	**(8,252)**	(2,864)
	(225,184)	(182,097)

The notes on pages 9 to 19 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	30 June 2025 HK$'000 (unaudited)	31 December 2024 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	11	**410,868**	411,519
Right-of-use assets	11	**2,376,586**	2,532,346
Investment properties	11	**357,436**	386,700
Equity instruments at FVTOCI	12	**15,677**	12,549
Time deposits	16	**3,591**	5,404
Pledged bank deposits	13	**29,138**	26,358
Deferred tax assets		**20,774**	21,265
Rental and related deposits	14	**205,526**	212,908
		3,419,596	3,609,049
Current assets			
Inventories		**780,149**	845,714
Receivables, prepayments and deposits	14	**171,172**	132,606
Amounts due from fellow subsidiaries	15	**18,095**	19,895
Time deposits	16	**316,099**	315,300
Pledged bank deposits	13	**12,315**	17,474
Bank balances and cash		**498,807**	515,277
		1,796,637	1,846,266
Current liabilities			
Trade payables	17	**1,060,848**	1,005,254
Other payables, accrued charges and other liabilities	17	**638,438**	632,156
Lease liabilities		**722,693**	757,615
Contract liabilities	17	**353,677**	370,642
Dividend payable		**201**	201
Amount due to ultimate holding company	15	**30,157**	21,936
Loan from ultimate holding company	15	**375,351**	229,659
Amounts due to fellow subsidiaries	15	**29,161**	27,891
Tax liabilities		**187**	185
		3,210,713	3,045,539
Net current liabilities		**(1,414,076)**	(1,199,273)
Total assets less current liabilities		**2,005,520**	2,409,776

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	**30 June 2025 HK$'000 (unaudited)**	31 December 2024 HK$'000 (audited)
Non-current liabilities			
Rental deposits received and other liabilities	17	**122,941**	134,268
Lease liabilities		**2,538,504**	2,706,249
		2,661,445	2,840,517
Net liabilities		**(655,925)**	(430,741)
Capital and reserves			
Share capital		**115,158**	115,158
Reserves		**(861,675)**	(644,743)
Deficit attributable to owners of the Company		**(746,517)**	(529,585)
Non-controlling interest		**90,592**	98,844
Total deficit		**(655,925)**	(430,741)

The notes on pages 9 to 19 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company								
	Share capital HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	People's Republic of of China (the "PRC") statutory reserves HK$'000	Non-distributable reserve HK$'000	Accumulated loss HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 31 December 2023 (audited)	115,158	18,348	46,934	5,768	134,535	(518,481)	(197,738)	103,311	(94,427)
Loss for the period	–	–	–	–	–	(171,176)	(171,176)	(3,012)	(174,188)
Other comprehensive income for the period	–	(7,532)	(525)	–	–	–	(8,057)	148	(7,909)
Total comprehensive income for the period	–	(7,532)	(525)	–	–	(171,176)	(179,233)	(2,864)	(182,097)
Derecognition of equity instrument	–	–	–	–	–	9,033	9,033	–	9,033
At 30 June 2024 (unaudited)	115,158	10,816	46,409	5,768	134,535	(680,624)	(367,938)	100,447	(267,491)
Loss for the period	–	–	–	–	–	(166,894)	(166,894)	361	(166,533)
Other comprehensive income for the period	–	9,321	4,959	–	–	–	14,280	(1,588)	12,692
Total comprehensive income for the period	–	9,321	4,959	–	–	(166,894)	(152,614)	(1,227)	(153,841)
Transfer of reserves	–	(9,033)	–	–	–	–	(9,033)	–	(9,033)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(376)	(376)
At 31 December 2024 (audited)	115,158	11,104	51,368	5,768	134,535	(847,518)	(529,585)	98,844	(430,741)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company								
	Share capital HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	People's Republic of of China (the "PRC") statutory reserves HK$'000	Non-distributable reserve HK$'000	Accumulated loss HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 31 December 2024 (audited)	115,158	11,104	51,368	5,768	134,535	(847,518)	(529,585)	98,844	(430,741)
Loss for the period	-	-	-	-	-	(217,394)	(217,394)	(8,978)	(226,372)
Other comprehensive income for the period	-	3,128	(2,666)	-	-	-	462	726	1,188
Total comprehensive income for the period	-	3,128	(2,666)	-	-	(217,394)	(216,932)	(8,252)	(225,184)
At 30 June 2025 (unaudited)	115,158	14,232	48,702	5,768	134,535	(1,064,912)	(746,517)	90,592	(655,925)

PRC statutory reserves are reserves required by the relevant PRC laws applicable to the subsidiaries of the Company in the Mainland China.

Non-distributable reserve is the reserve arising from the capitalisation of retained profits as registered capital of a subsidiary in the Mainland China.

The notes on pages 9 to 19 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	**334,725**	334,807
Decrease in inventories	**68,438**	60,422
Increase in receivables, prepayments and deposits	**(30,329)**	(34,571)
Decrease in amounts due from fellow subsidiaries	**1,800**	17,766
Increase/(decrease) in trade payables	**51,182**	(67,296)
Decrease in other payables, accrued charges and other liabilities	**(4,627)**	(56,974)
Decrease in contract liabilities	**(19,450)**	(18,554)
Increase in amount due to ultimate holding company	**8,222**	9,413
Increase in amounts due to fellow subsidiaries	**2,802**	18,072
Cash generated from operations	**412,763**	263,085
PRC income taxes paid	**(89)**	(130)
Interest on bank deposits and time deposits received	**5,198**	13,103
Net cash generated from operating activities	**417,872**	276,058
Investing activities		
Dividends from equity instruments at FVTOCI	**4**	5
Purchase of property, plant and equipment	**(73,210)**	(75,108)
Proceeds from disposal of property, plant and equipment	**31**	65
Proceeds from disposal of equity instruments	**–**	9,993
Net receipt/(payment) for rental deposits	**3,507**	(3,885)
Payment for right-of-use assets	**(560)**	(15,237)
Placement of time deposits	**(311,313)**	(121,048)
Withdrawal of time deposits	**314,846**	165,066
Placement of pledged bank deposits	**(2,947)**	(4,844)
Withdrawal of pledged bank deposits	**5,616**	62,036
Net cash (used in)/generated from investing activities	**(64,026)**	17,043
Financing activities		
Dividend paid	**–**	(6)
Interest paid	**(2,987)**	–
Proceeds from new loan from ultimate holding company	**127,176**	–
Interest on lease liabilities	**(110,010)**	(96,616)
Repayments of lease liabilities	**(387,997)**	(372,751)
Net cash used in financing activities	**(373,818)**	(469,373)
Net decrease in cash and cash equivalents	**(19,972)**	(176,272)
Cash and cash equivalents at 1 January	**515,277**	787,149
Effect of foreign exchange rate changes	**3,502**	664
Cash and cash equivalents at 30 June, represented by bank balances and cash	**498,807**	611,541

The notes on pages 9 to 19 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect that application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor report included a reference to material uncertainty related to going concern to which the auditor drew attention without qualifying its report; the auditor's report was unqualified and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

During the six months ended 30 June 2025, the Group incurred a loss for the period of HK$226,372,000 and net cash outflow in respect of operating activities and lease liabilities of HK$80,135,000. As at 30 June 2025, the Group has net current liabilities of HK$1,414,076,000.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration of the liquidity requirements for the Group's operations and reviewed the Group's cash flow projections prepared by management which covers at least twelve months from 30 June 2025. Management's cash flow projections include assumptions with regards to the anticipated cash flows generated from and used in the Group's operations and related capital expenditures and continued financial support from its immediate and ultimate holding company, AEON Co., Ltd., including but not limited to the extension of the repayment of inter-company loan amounting to HK$375,351,000 and the additional sufficient financial resources to enable the Group to continue its operations and to meet its liabilities as and when they fall due.

The directors, after due consideration of the Group's liquidity requirements and based on the cash flows projections and a continued financial support from the Group's ultimate holding company, are of the opinion that the Group is able to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2025 and accordingly it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. Should the Group not be able to continue operate as a going concern, and adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments had not been reflected on these consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The interim financial report has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the interim financial report for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's interim financial report:

The amendments do not have a material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim financial report.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the invoiced value of goods, net of discounts, sold to customers, and income from concessionaire sales during the period. Revenue is recognised at a point in time when the customer obtains control of the goods.

Information reported to the Group's chief operating decision makers (i.e. the executive directors) for the purposes of resource allocation and assessment of performance is focused on the retail stores of the Group located in different locations. The reportable segments represented the aggregate of operating segments with similar economic characteristics. The chief operating decision makers identify Hong Kong and Mainland China as the two reportable segments.

Disaggregation of revenue from contracts with customers

	Six months ended 30 June 2025 (unaudited)		
	Hong Kong HK$'000	**Mainland China HK$'000**	**Total HK$'000**
Direct sales	**1,663,378**	**2,044,964**	**3,708,342**
Income from concessionaire sales	**120,750**	**101,622**	**222,372**
	1,784,128	**2,146,586**	**3,930,714**

	Six months ended 30 June 2024 (unaudited)		
	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Direct sales	1,763,823	2,048,419	3,812,242
Income from concessionaire sales	133,602	106,289	239,891
	1,897,425	2,154,708	4,052,133

3 REVENUE AND SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

	For the six months ended 30 June 2025 (unaudited)			
	Hong Kong HK$'000	**Mainland China HK$'000**	**Elimination HK$'000**	**Total HK$'000**
Segment revenue – external	**1,784,128**	**2,146,586**	**–**	**3,930,714**
Inter-segment sales	**–**	**4,611**	**(4,611)**	**–**
	1,784,128	**2,151,197**	**(4,611)**	**3,930,714**
Segment loss	**(162,024)**	**(66,050)**	**–**	**(228,074)**
Investment income				**5,432**
Finance costs				**(2,987)**
Loss before tax				**(225,629)**

	For the six months ended 30 June 2024 (unaudited)			
	Hong Kong HK$'000	Mainland China HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue – external	1,897,425	2,154,708	–	4,052,133
Inter-segment sales	–	4,499	(4,499)	–
	1,897,425	2,159,207	(4,499)	4,052,133
Segment loss	(144,259)	(36,971)	–	(181,230)
Investment income				7,790
Loss before tax				(173,440)

Segment loss represents the loss incurred by each segment without allocation of investment income and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Rental income from investment properties	**155,300**	158,390
Government grant	**360**	–
Management fee and other income from lessees	**32,635**	34,512
Revenue from scrap sales	**1,355**	1,406
Platform collaboration income	**16,861**	27,323
Others	**11,976**	13,415
	218,487	235,046

5 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Exchange (loss)/gain, net	**(21,089)**	11,271
Loss on disposal/write off of property, plant and equipment	**(777)**	(390)
Gain on modification of lease contracts	**–**	1,058
	(21,866)	11,939

6 OTHER EXPENSES

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Advertising, promotion and selling expenses	**148,583**	145,015
Maintenance, repair and building management fees	**181,956**	173,964
Administrative expenses	**114,171**	103,038
Utilities expenses	**66,346**	67,065
Others	**14,833**	17,411
	525,889	506,493

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax		
PRC withholding tax	**89**	–
Deferred tax	**654**	748
Income tax expense for the period	**743**	748

No provision for Hong Kong Profits Tax is made for the six months ended 30 June 2025 and 30 June 2024 since the Company incorporated in Hong Kong sustained losses for tax purpose.

No provision for PRC Enterprise Income Tax is made for the six months ended 30 June 2025 and 30 June 2024 since the subsidiaries incorporated in Mainland China have sustained losses for tax purpose or the tax losses brought forward exceed the estimated assessable profits. Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Mainland China subsidiaries is 25% from 1 January 2008 onwards.

Deferred tax for both periods arose from temporary differences arising from tax depreciation, provision for staff costs and other expenses, undistributed profits of subsidiaries and tax losses.

8 LOSS FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	**2,829,827**	2,902,908
Write-back of inventories (included in purchase of goods and changes in inventories)	**(42)**	(28)

9 DIVIDEND

No dividend was paid or proposed for ordinary shareholders during the six months ended 30 June 2025 and 2024, nor has any dividend proposed after the reporting period.

10 LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the Group's loss for the period attributable to the owners of the Company of HK$217,394,000 (six months ended 30 June 2024: HK$171,176,000) and on 260,000,000 (six months ended 30 June 2024: 260,000,000) ordinary shares in issue during the period.

No diluted loss per share has been presented as there are no potential dilutive shares outstanding for both periods.

11 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK$808,000 (six months ended 30 June 2024: HK$455,000), resulting in a loss on disposal of HK$777,000 (six months ended 30 June 2024: HK$390,000).

During the current interim period, the Group acquired property, plant and equipment of approximately HK$68,982,000 (six months ended 30 June 2024: HK$77,290,000) to expand its operations.

During the current interim period, the Group entered into several new lease agreements and lease modifications for its stores of which the lease terms ranges from 3 to 12 years. The Group is required to make fixed monthly payments. During the current period, the Group recognised additional HK$170,006,000 (six months ended 30 June 2024: HK$787,343,000) of right-of-use assets and HK$172,271,000 (six months ended 30 June 2024: HK$826,823,000) of lease liabilities.

As at 30 June 2025, the investment properties represent the right-of-use assets under sub-leases in which the Group acts as an intermediate lessor.

Impairment assessment

Certain stores of the Group have been experiencing recurring losses or performing below budget. The management considered there were impairment indicators and hence conducted impairment assessment on the relevant stores, which each store constitutes an individual cash-generating unit ("CGU") for the purpose of impairment assessment. The recoverable amounts of the cash-generating units have been determined based on the higher of fair value less cost of disposal and value in use of the individual stores to which the relevant assets belong.

For the cash-generating units which the recoverable amount was based on value in use, the calculations use cash flow projections based on the latest financial budgets approved by the Company's management covering the unexpired lease terms of the relevant stores with a pre-tax discount rate of 9.91% to 17.57% (31 December 2024: 9.91% to 10.86%). Cash flow projections during the budget period were based on the projected revenue and expected gross margins and the budgeted revenue growths, and the margins have been determined based on past performances and management's expectations for the future changes in the market.

For the cash-generating units which the recoverable amount was based on fair value less costs of disposal, the fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The fair value was determined based on the income approach, where the market rentals of all lettable units of the right-of-use assets included in the cash-generating units are assessed and discounted at the market yield of a range of 4.3% – 5.5% (31 December 2024: 4.3% – 5.5%) expected by investors for this type of assets. The market rentals are assessed by reference to the rentals achieved in the lettable units of the assets as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar retail stores in Hong Kong and Mainland China and adjusted to take into account the market expectation form property investors to reflect factors specific to the Group's cash-generating units.

Based on the result of the assessment, no impairment loss for the six months ended 30 June 2025 and 2024 has been recognised against the carrying amounts of property, plant and equipment, and right-of-use assets respectively.

12 EQUITY INSTRUMENTS AT FVTOCI

	30 June 2025 **HK$'000** **(unaudited)**	31 December 2024 HK$'000 (audited)
Equity securities:		
Listed shares in Hong Kong at fair value	**15,677**	12,549

The listed shares in Hong Kong mainly represents an investment in a fellow subsidiary of HK$15,545,000 (31 December 2024: HK$12,436,000).

13 PLEDGED BANK DEPOSITS

	30 June 2025		31 December 2024	
	Non-current **HK$'000** **(unaudited)**	**Current** **HK$'000** **(unaudited)**	Non-current HK$'000 (audited)	Current HK$'000 (audited)
Bank deposits were pledged for the following purpose:				
As guarantee to landlords for rental deposits	**29,138**	**5,220**	26,358	10,435
As requirement by the relevant Mainland China regulatory body for cash received from prepaid value cards sold	**–**	**7,095**	–	7,039
	29,138	**12,315**	26,358	17,474

14 RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group's accounts receivable arise from retail sales transactions settled by credit cards or other electronic payment methods. The average settlement period for the proceeds receivable from those credit cards and other electronic payments service providers is 10 days. Based on the ageing of accounts receivable as determined based on invoice date, HK$28,959,000 (31 December 2024: HK$28,726,000) is due within 30 days. There are no significant overdue balances of those accounts receivable at the end of reporting period and no default is expected.

The following is an analysis of receivables, prepayments and deposits:

	30 June 2025 HK$'000 (unaudited)	31 December 2024 HK$'000 (audited)
Accounts receivable	**28,962**	28,729
Rental and related deposits	**244,876**	246,088
Other receivables, prepayments and other deposits	**102,860**	70,697
	376,698	345,514
Less: Rental and related deposits under non-current assets	**(205,526)**	(212,908)
Receivables, prepayments and deposits	**171,172**	132,606

15 BALANCES WITH FELLOW SUBSIDIARIES AND ULTIMATE HOLDING COMPANY

(i) The amounts due from/to fellow subsidiaries and ultimate holding company

The amounts due from fellow subsidiaries are trade-related, unsecured, interest free and with credit term of 15 to 35 days (31 December 2024: 15 to 35 days). The amounts are aged within 35 days based on the invoice date and not yet due at the end of both reporting periods.

The amounts due to fellow subsidiaries and ultimate holding company are trade-related, unsecured, interest free and with credit term of 60 to 90 days (31 December 2024: 60 to 90 days). The amounts are aged within 60 days based on the invoice date at the end of both reporting periods.

(ii) Loans from ultimate holding company

The loans from the ultimate holding company bear interest ranges from 2.50% to 2.53% per annum, are unsecured and repayable on 28 February 2026.

16 TIME DEPOSITS

As at 30 June 2025, time deposits represent time deposits denominated in Renminbi ("RMB") amounting to HK$319,690,000 with an original maturity for more than three months. The average effective interest rates of those time deposits denominated in RMB is 1.91% per annum, respectively. The deposits will mature within one year from the end of the reporting period except for the time deposits of HK$3,591,000 which will mature after one year from the end of reporting period. Excluding the time deposit of $3,591,000 the amounts are classified as current assets.

As at 31 December 2024, time deposits represent deposits denominated in RMB amounting to HK$320,704,000, with an original maturity for more than three months. The average effective interest rate of those time deposits denominated in RMB is 2.07% per annum. The deposits will mature within one year from the end of the reporting period except for the time deposits of HK$5,404,000 which will mature after one year from the end of reporting period. Excluding the time deposit of $5,404,000, the amounts are classified as current assets.

17 TRADE PAYABLES, OTHER PAYABLES, ACCRUED CHARGES AND OTHER LIABILITIES AND CONTRACT LIABILITIES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of reporting period and an analysis of other payables, accrued charges and other liabilities:

	30 June 2025 HK$'000 (unaudited)	31 December 2024 HK$'000 (audited)
Within 60 days	**920,921**	872,264
61 to 90 days	**44,501**	43,839
Over 90 days	**95,426**	89,151
Trade payables	**1,060,848**	1,005,254
Accrued expenses and other liabilities	**320,135**	312,592
Accrued staff costs	**201,862**	254,449
Value added tax payables for advance receipts on prepaid store-value cards	**37,967**	3,114
Payables for purchase of property, plant and equipment	**6,746**	6,029
Provision for reinstatement	**96,474**	95,961
Rental deposits received	**98,195**	94,279
	761,379	766,424
Less: Rental deposits received and other liabilities under non-current liabilities	**(122,941)**	(134,268)
Other payables, accrued charges and other liabilities	**638,438**	632,156

The following is the analysis of contract liabilities:

	30 June 2025 HK$'000 (unaudited)	31 December 2024 HK$'000 (audited)
Advance receipts on prepaid store-value cards	**327,339**	347,930
Deferred revenue on customer loyalty points	**26,338**	22,712
	353,677	370,642

18 CAPITAL COMMITMENTS

	30 June 2025 HK$'000 (unaudited)	31 December 2024 HK$'000 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**25,300**	29,482

19 RELATED PARTY TRANSACTIONS

During the current interim period, the Group entered into the following transactions with related parties:

Relationship	Nature of transaction	Six months ended 30 June **2025** **HK$'000** **(unaudited)**	 2024 HK$'000 (unaudited)
Fellow subsidiaries	Commission paid for credit facilities provided to the customers	**11,104**	12,226
	Franchise fee	**169**	187
	Trademark fee	**5,186**	5,716
	Other income	**1,646**	1,910
	Purchase of goods and property, plant and equipment	**17,563**	10,208
	Interest on lease liabilities	**6,573**	7,006
	Repayment of lease liabilities	**7,971**	5,804
	Management fees and utilities expenses	**9,292**	9,506
	Rental income	**11,684**	11,842
	Sales of coupons	**10,459**	5,708
	Service fee expense	**67,615**	55,212
Ultimate holding company	Royalty expenses	**9,812**	11,184
	Interest expenses	**2,987**	–
Non-controlling shareholder of the subsidiary*	Repayments of lease liabilities	**24,186**	22,973
	Interest on lease liabilities	**333**	1,902
	Management fees and utilities expenses	**6,013**	6,156
Directors and key management	Remuneration	**1,878**	2,401

* Non-controlling shareholder has significant influence over the subsidiary.

Outstanding balances as at the end of reporting periods arising from the above transactions with related parties were as set out in the interim report except for the following balances:

	30 June 2025 **HK$'000** **(unaudited)**	31 December 2024 HK$'000 (audited)
Amounts due from fellow subsidiaries (included in receivables, prepayments and deposits)	**2,288**	2,270
Amounts due to fellow subsidiaries (included in lease liabilities)	**237,372**	241,841
Amount due from a non-controlling shareholder of the subsidiary (included in receivables, prepayments and deposits)	**4,013**	4,690
Amount due to a non-controlling shareholder of the subsidiary (included in lease liabilities)	**89,108**	24,146

20 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) The Group's financial assets that are measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1	
	30 June 2025	31 December 2024
	HK$'000	HK$'000
Recurring fair value measurements	**(unaudited)**	(audited)
Equity instruments at FVTOCI		
Listed equity securities	**15,677**	12,549

The fair values of equity instruments have been determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

There were no transfers between levels during the period.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The directors consider that the carrying amounts of the Group's other financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 30 June 2025.

21 EVENTS AFTER THE REPORTING PERIOD

According to the Joint Venture Agreement (2018 revised version) entered into between the Company and Guangdong Tianhe City Department Store Development Co., Ltd. ("Tianhe City"), the joint venture term of Guangdong AEON Teem Co., Ltd, ("Guangdong AEON") the Company's subsidiary, is set to expire on December 11, 2025. The Company has been discussing with Tianhe City for a plan to continue the operations of Guangdong AEON.

BUSINESS REVIEW

According to various data from Hong Kong and Mainland China, the economy was gradually recovering in the first half of 2025. However, due to high interest rates, the continued decline in the real estate market, and the impact of the Sino-US trade war, consumer confidence in both regions remained sluggish, weighing on the overall performance of the retail market. In response to the rapidly changing market environment, the Group actively adjusted its business strategy and implemented internal reforms to lay a solid foundation for sustainable development.

HONG KONG OPERATIONS

According to preliminary government estimates, Hong Kong's GDP increased by 3.1% in real terms in the second quarter of 2025 compared with the same period last year, outperforming the increase in the first quarter. However, the provisional estimate of total retail sales value in Hong Kong for the first half of this year decreased by 3.3% compared with the same period last year, with overall consumption remaining weak. In addition, multiple structural factors, including the ongoing boom in both northbound and outbound travel of Hong Kong residents, the accelerated entry of e-commerce platforms from Mainland China into the Hong Kong market, and changes in the consumption patterns of inbound tourists, also continued to affect the performance of Hong Kong's retail industry, posing challenges to the Group's Hong Kong operations.

During the period under review, the Group continued to improve its procurement strategies and strengthened its product reform efforts to offer a more diverse range of products that cater for consumer needs and attract new customers. This included increasing the proportion of products under its private brands, such as TOPVALU, HÓME CÓORDY, PEACE FIT WARM/COOL, SELF SERVICE, and the newly launched ESSEME, the Group's first overseas women's fashion brand, to boost sales and profitability. In the first half of 2025, sales of the Group's private brands increased by approximately 30%. The Group actively capitalized on the booming IP character economy by launching a product line featuring the highly popular Japanese cartoon character "Opanchu Usagi", which won the favor of many customers. In addition, the Group expanded the range of products directly imported from Japan and Southeast Asia and organized themed promotional events such as the "Vietnamese Fair" to meet customers' demand for exotic tastes.

During the period under review, the Group continued to actively optimize its store network. This included the grand opening of AEON STYLE Kai Tak and the reopening of AEON STYLE Kornhill with a new look, offering diversified products, services and experiences tailored to the evolving needs of different target customers. Additionally, the Group strived to expand into different formats, especially small specialty stores such as Mono Mono, DAISO Japan and Living PLAZA by AEON, to increase profitability.

In response to market challenges, the Group implemented structural reforms to align with its strategic transformation. During the period under review, the Group adopted strategies such as optimizing human resource allocation, actively negotiating with landlords to reduce store rental costs, focusing on opening small specialty stores, and improving product management efficiency to address daily operational issues while maximizing benefits. In addition, the Group improved warehousing and logistics efficiency.

As for digital transformation and e-commerce, the Group expanded and optimized the application of electronic price tags, self-checkout systems and the "Mobile Assistant" during the period under review, which reduced inventory update times and streamlined checkout processes, further demonstrating its commitment to improving operational efficiency. In terms of sales, leveraging precise market positioning in the online space, the Group's online platforms, particularly the AEON App, achieved sales growth in the first half of 2025.

During the first half of the year, revenue from the Group's Hong Kong operations decreased by 5.97% to HK$1,784.1 million (2024 1st half: HK$1,897.4 million), and incurred a loss of HK$162.0 million (2024 1st half: loss of HK$144.3 million). However, if foreign exchange factors are excluded, the Hong Kong operation's adjusted loss for the period would be HK$140.8 million (2024 1st half: adjusted net loss of HK$155.6 million), representing a 9.5% improvement compared with the same period last year. The adjusted indicator is calculated as the loss for the period minus exchange gains and losses. The management believes that excluding the effects of exchange gains and losses provides a more accurate reflection of the operational efficiency of the Group's core business, helping investors assess its ongoing improvement trend.

BUSINESS REVIEW (Continued)

MAINLAND CHINA OPERATIONS

Mainland China's GDP increased by 5.2% year-on-year in the second quarter, representing a 0.2 percentage point slowdown from the growth rate in the first quarter. In the first half of the year, GDP grew by 5.3% year-on-year, which was higher than the full-year growth target of around 5% set at the "Two Sessions" in March 2025. In the first half of the year, total retail sales of consumer goods increased by 5.0% year-on-year, up 0.4 percentage point when compared with the growth recorded in the first quarter. In the first half of the year, Guangdong Province's GDP grew by 4.2% compared with the same period last year. The total retail sales of consumer goods in the province increased by 3.5% year-on-year, with growth accelerating by 1.0 percentage point when compared with the first quarter. Owing to a series of proactive consumption stimulus policies introduced by the Chinese government, Mainland China's economy recovered steadily, but overall deflationary pressure remained.

During the period under review, the gross profit margin of the Mainland China operations increased slightly, mainly due to the substantial increase in sales of its private brands. Online sales also recorded a year-on-year increase, demonstrating the success of the Group's e-commerce deployment. The Group responded flexibly to market changes and capitalized on the surge in "northbound" consumption by Hong Kong residents. During the period under review, the Group opened five new stand-alone supermarkets, including Shenzhen Longgang Renheng Store, Foshan MixC Store, Guangzhou Hengbao Store, Guangzhou Lingzhan Store and Guangzhou Chengguanghui Store, which continuously won the favor and support of new and loyal customers in the Greater Bay Area (GBA) and further expanded the Group's presence in the GBA market. In addition, the Group actively reviewed the performance of each store, closing the Shenzhen Bao'an Store and completing the contract renewal of the Guangzhou Tianhe Store to adjust the store network layout and improve overall efficiency.

Revenue from the Mainland China operations in the first half of the year decreased slightly by 0.4% to HK$2,146.6 million (2024 1st half: HK$2,154.7 million), with a loss incurred amounting to HK$66.1 million (2024 1st half: loss of HK$37.0 million).

PROSPECTS

HONG KONG OPERATIONS

The Hong Kong government has actively organized a series of major cultural and sports events, complemented by measures such as increasing duty-free allowances and optimizing visa procedures to attract tourists. In the first half of this year, the number of visitors to Hong Kong increased by 12% year-on-year to approximately 24 million, improving local consumer sentiment. The government also actively assisted the retail industry in adapting to market changes and shifts in tourist consumption patterns in various ways. For example, the government has allocated HK$1.5 billion in the 2025-26 Budget for initiatives such as brand upgrading, domestic sales support, and export marketing funds, to help companies improve their local sales capabilities. However, the Sino-US trade war brought uncertainties to the second half of the year, and the unclear economic outlook continued to affect consumer confidence. Additionally, the shift in consumer spending patterns slowed the retail industry's recovery, and the popularity of outbound travel and online shopping among Hong Kong residents made it even more difficult for consumption related to the local population to see significant improvement in the short term.

In the face of a constantly changing economic environment, the Group will continue to implement the following strategies to ensure business resilience and seize opportunities in the second half of the year. First, the Group will continue to advance product reform to increase sales of its private brands with higher gross profit margins. At the same time, the Group will seek more suitable cartoon IP brands for collaborative sales, optimize its product portfolio, and increase the import of goods directly from regions such as Japan and Southeast Asia to enhance its competitiveness through product differentiation.

PROSPECTS (Continued)

HONG KONG OPERATIONS (Continued)

The Group will also continue to increase its investment in digital transformation and e-commerce. For example, the Group will introduce smart shopping carts and AI loss prevention systems. At the same time, it will focus on optimizing membership management and launch a joint membership program with mainland companies to improve operational efficiency, promote sales, and provide customers with a more convenient and enjoyable shopping experience. The Group's WeChat Mini Program was launched in July to help attract more mainland customers to shop in-store and become Hong Kong AEON members. In addition, the Group plans to launch more smart retail solutions with its partners and expects to formally deepen its collaboration with AEON Credit Service under the proposed new bonus point platform in the future, creating greater synergy and helping drive sales and enhance customer loyalty.

Regarding store operations, the Group focused on expanding its small specialty store business, including brands such as Mono Mono, Living PLAZA by AEON and DAISO Japan. By leveraging flexible locations, relatively low rental costs, and a high-value product mix, the Group achieved cost savings and increased sales, thereby ensuring overall profitability. The Group opened the DAISO Japan North Point WORFU Store in July, further expanding its reach to more diverse consumer groups and needs. In July and August, the Group opened lifestyle specialty stores "Mono Mono" in Ngau Tau Kok and Tai Po Tai Yuen, offering a wide range of AEON's private brand products, including TOPVALU、HÓME CÓORDY and DAISO Japan products, and a variety of exclusive items directly imported from Japan and other regions.

The Group will continue to review and adjust its current operational and management systems, aiming to control costs and improve operational efficiency and productivity with meticulous financial management. The Group will further optimize logistics costs and has also introduced TOPVALU vending machines, which will be deployed into more suitable stores. These machines will help the Group control labor costs while boosting sales performance.

The Group will open at least three Mono Mono stores and one DAISO Japan store in the second half of the year, as planned, to strengthen the competitive advantage of its retail network in Hong Kong.

MAINLAND CHINA OPERATIONS

While the economic environment in Mainland China remains uncertain, the Group is cautiously optimistic about its business development prospects in the country. As the Mainland China's economy steadily recovers, various consumption stimulus measures introduced by the government are expected to effectively stimulate retail demand and create growth opportunities, particularly in key regions such as the GBA.

In addition to the above strategies, the Group will continue to accelerate the expansion of its business footprint in the GBA and proactively seize the opportunities presented by the trend of "northbound travel" among Hong Kong residents. The Group expects to open three AEON stores in the GBA as planned in the second half of the year (namely AEON Guangzhou Panyu K11 Store, AEON Jiangmen Lihe Store and AEON Guangzhou Tower Plaza Store), to further expand its store network and retail coverage in the region.

GROUP

Under the 2025 Investment Plan, the Group's total capital expenditure on new store openings, store renovations, and information technology system upgrades in the second half of the year is estimated to be approximately HK$108.0 million.

Save as mentioned above or otherwise disclosed, there have been no material events affecting the Group's business from 30 June 2025 up to the date of authorization for the release of these consolidated financial statements.

FINANCIAL REVIEW

In the first half of the year 2025, the Group's revenue decreased by 3.0% year-on-year to HK$3,930.7 million (2024: HK$4,052.1 million). Gross profit margin dropped by 0.4 percentage point to 28.0% (2024: 28.4%).

As for other income, rental income derived from sub-leases decreased by HK$3.1 million (2024: decreased by HK$6.3 million) coupled with the drop of platform collaboration income in the period by HK$10.5 million, other income resulted in an overall decrease by 7.0% as compared with last year.

For operating expenses during the period under review, the Group's staff cost decreased by 14.4% and its ratio to revenue increased to 10.6% (2024: 12.0%). Expenses related to leases decreased by 1.6% and the ratio of expenses to revenue increased to 13.0% (2024: 12.8%). Other operating expenses, including advertising, promotion and selling expenses, maintenance and repair expenses (including building management fee), utility expenses, administrative expenses and other expenses, increased by 3.8% year-on-year and the ratio of other expenses to revenue was 13.4% (2024: 12.5%).

Included in other gains and losses, amongst others, was exchange loss of HK$21.1 million (2024: exchange gain of HK$11.3 million). No impairment loss for the six months ended 30 June 2025 and 2024 has been recognised against the carrying amounts of property, plant and equipment, and right-of-use assets respectively.

Due to the above changes, loss attributable to owners of the Company for the period under review was HK$217.4 million (2024: loss of HK$171.2 million), representing an increase of loss of HK$46.2 million.

The Group's adjusted EBITDA[1] for the period was loss HK$158.3 million (2024: loss HK$145.8 million), loss increased by HK$12.5 million.

The Board has reviewed the dividend policy taking into account the following factors of the Company including its financial results, cash flow status, business conditions and strategies, future operations and revenue, capital requirements and expenditure plans, interests of shareholders, any restrictions on distribution of dividends and any other factors that it may consider relevant and has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (2024: HK$ nil).

During the period under review, capital expenditure on opening new stores and store renovation in Hong Kong and Mainland China and the upgrade of information technology systems amounted to HK$73.1 million.

The Group also entered into new lease agreements and lease modifications in the review period and recognized additional HK$170.0 million (2024: HK$787.3 million) of right-of-use assets and HK$172.3 million (2024: HK$826.8 million) of lease liabilities.

The Group maintained a net cash position with cash and bank balances and short-term time deposits amounting to HK$814.9 million as at 30 June 2025 (31 December 2024: HK$830.6 million). As at 30 June 2025, the gearing ratio (which is calculated on the basis of loan from ultimate holding company divided by total deficit) was -57.23% (31 December 2024: -53.32%). The increase in gearing ratio is due to the new borrowing from AEON Co Ltd, the ultimate holding company of the Group, amounting to HK$145.7 million which further strengthened the group financial resources to finance future business operations.

As at 30 June 2025, deposits of HK$34.4 million (31 December 2024: HK$36.8 million) were pledged to the bank as guarantees of the rental deposits to landlords. Deposits of HK$7.1 million (31 December 2024: HK$7.0 million) were also pledged to regulatory bodies as guarantees for prepaid value cards sold.

The Group's total lease liabilities as at 30 June 2025 amounted to HK$3,261.2 million (31 December 2024: HK$3,463.9 million), of which HK$722.7 million (31 December 2024: HK$757.6 million) is payable within one year.

FINANCIAL REVIEW (Continued)

As at 30 June 2025, the Group's current liabilities exceeded its current assets by HK$1,414.1 million (31 December 2024: net current liabilities of HK$1,199.3 million). The directors considered that the Group has sufficient financial sources available to fund its operations in the foreseeable future and will be able to meet its financial obligations when they fall due.

Note 1: Management considered that the Adjusted EBITDA reflected more properly the Groups' earnings from its operations.

Reconciliation of Adjusted EBITDA	Six months ended 30.6.2025 HK$'000	 30.6.2024 HK$'000
Loss for the period	**(226,372)**	(174,188)
Adjusting items for EBITDA		
Income tax expenses	**743**	748
Depreciation of investment properties	**36,429**	37,659
Depreciation of property, plant and equipment	**70,791**	67,231
Depreciation of rights-of-use assets	**334,687**	320,461
Interest on lease liabilities	**110,010**	96,616
Investment income	**(5,432)**	(7,790)
Interest income from rental deposits	**(6,032)**	(5,236)
Other gains and losses	**21,866**	(11,939)
Finance costs	**2,987**	–
Items for adjusted EBITDA		
Repayment of lease liabilities (included in consolidated cash flow statement)*	**(387,997)**	(372,751)
Interest on lease liabilities*	**(110,010)**	(96,616)
Rounding	**5**	5
Adjusted EBITDA	**(158,325)**	(145,800)

* The total of interest on lease liabilities and repayment of lease liabilities represents the rental payment as stated in the lease agreements. Both items are classified as cash flows under financing activities instead of operating activities.

HUMAN RESOURCES

As at 30 June 2025, the Group had approximately 4,929 full-time and 4,023 part-time employees in Hong Kong and Mainland China. Under the "Everything we do, we do for our customers" credo, and in order to deliver the highest standard of service to all customers, the Group will continue to upgrade the skills and professional knowledge of its employees by providing them with educational and career development opportunities. With a fair human resources system, the Group will create a positive work environment for staff and enhance the communication between on-site staff and the back-end support departments, building a system that facilitates prompt action to address business issues. The Group's ultimate goal is to build AEON into a brand that benefits all customers.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2025, the interests of the Directors and chief executive 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 (the "SFO"), as recorded in the register maintained by the Company pursuant to 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 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(A) THE COMPANY

Directors	Number of ordinary shares held as personal interests	Approximate percentage of interests
NAGASHIMA Takenori	12,000	0.00462%
HISANAGA Shinya	30,000	0.01154%

(B) AEON CO., LTD., THE COMPANY'S ULTIMATE HOLDING COMPANY

Directors	Number of ordinary shares held as personal interests (Note)	Approximate percentage of interests
GOTO Toshiya	6,300	0.00072%
HISANAGA Shinya	2,130	0.00024%

Note: The shareholding information above has been confirmed by the respective Directors.

Other than as disclosed above, as at 30 June 2025, neither the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of PART XV of the SFO).

SUBSTANTIAL SHAREHOLDER'S INTERESTS

As at 30 June 2025, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or had otherwise notified the Company were as follows:

Substantial shareholder	Long Position Number of ordinary shares held	Approximate percentage of the total number of issued shares
AEON Co., Ltd.	157,536,000 (Note)	60.59%

Note: These shares were held as to 155,760,000 shares by AEON Co., Ltd. and 1,776,000 shares by AEON Credit Service (Asia) Company Limited ("ACS"). ACS is owned by AEON Co., Ltd. as to 294,888,000 shares representing 70.42% of the issued share capital of ACS. AEON Co., Ltd. was deemed to be interested in the 1,776,000 shares owned by ACS.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company as at 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2025 and up to the date of this report, the Company does not hold any treasury shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float during the six months ended 30 June 2025 and up to the date of this report.

CORPORATE GOVERNANCE

The Board complied throughout the six months ended 30 June 2025 with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiries with all Directors, the Company confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2025 with management.

UPDATED INFORMATION OF DIRECTORS

The changes in the information of Directors are set out below pursuant to Rule 13.51B of the Listing Rules:

Director	Details of change
SHUM Wing Ting	– Ceased to be a partner and became a consultant of Chow & Chow Solicitors with effect from 1 June 2025.

CHANGES IN DIRECTORS' EMOLUMENTS

The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Directors' entitlement to directors' fees and emoluments (which will be prorated according to the period of services in the year of their appointments or as specified for the period of services determined at the Board meeting) for the year ending 31 December 2025 is as follows:

Directors	Emoluments HK$
GOTO Toshiya	50,000
NAGASHIMA Takenori	2,188,312
HISANAGA Shinya	1,243,969
INOHARA Hiroyuki	95,000

By Order of the Board of
AEON Stores (Hong Kong) Co., Limited
GOTO Toshiya
Chairman

Hong Kong, 28 August 2025