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(Incorporated in Hong Kong with limited liability)
(Stock Code: 984)

2025 INTERIM RESULTS

The Board of Directors (the "Board") of AEON Stores (Hong Kong) Co., Limited (the "Company") herewith announce the unaudited results of the Company and its subsidiaries (the "Group" or "AEON") for the six months ended 30 June 2025 together with comparative figures for the previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended		Six months ended	onths ended
	NOTES	30.6.2025	<u>30.6.2024</u>		
		HK\$'000	HK\$'000		
		(unaudited)	(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		(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)	9	(83.61) HK cents	(65.84) HK cents		

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended	
	30.6.2025	30.6.2024
	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		
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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	<u>NOTES</u>	30.6.2025 HK\$'000 (unaudited)	31.12.2024 HK\$'000 (audited)
Non-current Assets Property, plant and equipment Right-of-use assets Investment properties Equity instruments at FVTOCI Time deposits Pledged bank deposits Deferred tax assets Rental and related deposits		410,868 2,376,586 357,436 15,677 3,591 29,138 20,774 205,526 3,419,596	411,519 2,532,346 386,700 12,549 5,404 26,358 21,265 212,908 3,609,049
Current Assets Inventories Receivables, prepayments and deposits Amounts due from fellow subsidiaries Time deposits Pledged bank deposits Bank balances and cash		780,149 171,172 18,095 316,099 12,315 498,807 1,796,637	845,714 132,606 19,895 315,300 17,474 515,277 1,846,266
Current Liabilities Trade payables Other payables, accrued charges and other liabilities Lease liabilities Contract liabilities Dividend payable Amount due to ultimate holding company Loan from ultimate holding company Amounts due to fellow subsidiaries Tax liabilities	11	1,060,848 638,438 722,693 353,677 201 30,157 375,351 29,161 187	1,005,254 632,156 757,615 370,642 201 21,936 229,659 27,891 185
Net Current Liabilities		$\frac{3,210,713}{(1,414,076)}$	$\frac{3,045,539}{(1,199,273)}$
Total Assets Less Current Liabilities		2,005,520	2,409,776
Non-current Liabilities Rental deposits received and other liabilities Lease liabilities Net Liabilities		122,941 2,538,504 2,661,445 (655,925)	134,268 2,706,249 2,840,517 (430,741)
Capital and Reserves Share capital Reserves		115,158 (861,675)	115,158 (644,743)
Deficit attributable to owners of the Company Non-controlling interest		(746,517) 90,592	(529,585) 98,844
Total Deficit		(655,925)	(430,741)

NOTES:

1. BASIS OF PREPARATION

The interim results set out in this preliminary announcement do not constitute the Group's interim financial report for the six months ended 30 June 2025 but are extracted from that interim financial report. 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 "Listing Rules").

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 period ended 30 June 2025, the Group incurred a loss 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 a 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.

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.

2 CHANGES IN ACCOUNTING POLICIES - continued

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 the Mainland China as the two reportable segments.

Disaggregation of revenue from contracts with customers

Six months ended 30 June 2025

	Hong Kong	Mainland China	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000
Direct sales Income from concessionaire sales	1,663,378	2,044,964	3,708,342
	120,750		222,372
	1,784,128	<u>2,146,586</u>	3,930,714

Six months ended 30 June 2024

	Hong Kong	Mainland China	Total
	HK\$'000	HK\$'000	HK\$'000
Direct sales Income from concessionaire sales	1,763,823	2,048,419	3,812,242
	133,602	106,289	239,891
	1,897,425	2,154,708	4,052,133

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

3. REVENUE AND SEGMENT INFORMATION - continued

For the six months ended 30 June 2025

		Mainland China		Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue - external	1,784,128	2,146,586	-	3,930,714
Inter-segment sales	<u> </u>	4,611	(4,611)	
	1,784,128	<u>2,151,197</u>	<u>(4,611)</u>	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

	Hong Kong HK\$'000	Mainland China HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue - external Inter-segment sales	1,897,425	2,154,708 4,499	(4,499)	4,052,133
	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	
	<u>30.6.2025</u>	30.6.2024
	HK\$'000	HK\$'000
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 month 30.6.2025 HK\$'000	ths ended 30.6.2024 HK\$'000
Exchange (loss)/gain, net Loss on disposal/write-off of property, plant and equipment Gain on modification of lease contracts	(21,089) (777)	11,271 (390) 1,058
	(21,866)	11,939
6 OTHER EXPENSES		
	Six mon	ths ended
	30.6.2025	<u>30.6.2024</u>
	HK\$'000	HK\$'000
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		
		ths ended
	<u>30.6.2025</u>	30.6.2024
	HK\$'000	HK\$'000
The charge comprises:		
Current tax	90	
PRC withholding tax Deferred tax	89 654	740
Deferred tax	654	748
Income tax expense for the period	<u>743</u>	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 1st 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 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.

9 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 30.6.2024: loss of HK\$171,176,000) and on 260,000,000 (six months ended 30.6.2024: 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.

10 ACCOUNTS RECEIVABLE

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.

11 TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of reporting period:

	30.6.2025 HK\$'000	31.12.2024 HK\$'000
	HK\$ 000	ПК\$ 000
0 to 60 days	920,921	872,264
61 to 90 days	44,501	43,839
Over 90 days	95,426	89,151
	1,060,848	1,005,254

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 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 Wor Fu 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 points 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 decreased 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 EBITDA¹ 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, 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 of 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		hs ended
	30.6.2025	30.6.2024
	HK\$'000	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 onsite 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.

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 hereof, 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 announcement.

CORPORATE GOVERNANCE

The Board has 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules 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.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report for the six months ended 30 June 2025 containing all the information as required by the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively and copies will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 28 August 2025

As at the date of this announcement, the Executive Directors are Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Toshiya Goto, Mr. Hiroyuki Inohara, and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling.