

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. FUJITA Kenji
Mr. YOKOCHI Yasutoshi

Independent Non-executive Directors

Mr. CHOW Chi Tong
Mr. MIZUNO Hideto
Ms. SHUM Wing Ting

NOMINATION COMMITTEE

Mr. GOTO Toshiya (*Chairman*)
Mr. CHOW Chi Tong
Mr. MIZUNO Hideto
Ms. SHUM Wing Ting

REMUNERATION COMMITTEE

Ms. SHUM Wing Ting (*Chairman*)
Mr. GOTO Toshiya
Mr. CHOW Chi Tong
Mr. MIZUNO Hideto

AUDIT COMMITTEE

Mr. CHOW Chi Tong (*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 Secretaries 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 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	4,052,133	4,521,844
Other income	4	235,046	218,741
Investment income		7,790	11,537
Interest income from rental deposits		5,236	5,797
Purchase of goods and changes in inventories		(2,902,908)	(3,217,693)
Staff costs		(487,956)	(494,851)
Depreciation of investment properties		(37,659)	(32,543)
Depreciation of property, plant and equipment		(67,231)	(75,310)
Depreciation of right-of-use assets		(320,461)	(355,893)
Leases expenses		(64,847)	(36,927)
Other expenses	6	(506,493)	(530,320)
Pre-operating expenses		(1,413)	(516)
Other gains and losses	5	11,939	9,359
Interest on lease liabilities		(96,616)	(98,745)
Loss before tax		(173,440)	(75,520)
Income tax expense	7	(748)	(1,033)
Loss for the period	8	(174,188)	(76,553)
(Loss)/profit for the period attributable to:			
Owners of the Company		(171,176)	(78,194)
Non-controlling interest		(3,012)	1,641
		(174,188)	(76,553)
Loss per share (basic and diluted)	10	(65.84) HK cents	(30.07) 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 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(174,188)	(76,553)
Other comprehensive (loss)/income		
<i>Item that will not be reclassified to profit or loss:</i>		
fair value (loss)/gain on investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI")	(7,532)	1,872
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of operations outside Hong Kong	(377)	(970)
Other comprehensive (loss)/income for the period, net of income tax	(7,909)	902
Total comprehensive loss for the period	(182,097)	(75,651)
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(179,233)	(78,016)
Non-controlling interest	(2,864)	2,365
	(182,097)	(75,651)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	412,840	399,945
Right-of-use assets	11	2,756,688	2,312,166
Investment properties	11	338,621	278,725
Equity instruments at FVTOCI	12	12,262	20,752
Time deposits	16	6,150	6,801
Pledged bank deposits	13	19,737	13,744
Deferred tax assets		23,013	23,727
Rental and related deposits	14	210,444	157,200
		3,779,755	3,213,060
Current assets			
Inventories		777,637	837,475
Receivables, prepayments and deposits	14	178,803	212,629
Amounts due from fellow subsidiaries	15	41,845	76,045
Time deposits	16	319,654	362,484
Pledged bank deposits	13	27,453	90,164
Bank balances and cash		611,541	787,149
		1,956,933	2,365,946
Current liabilities			
Trade payables	17	1,126,482	1,192,958
Other payables, accrued charges and other liabilities	17	621,118	724,141
Lease liabilities		774,372	676,027
Contract liabilities	17	380,358	398,404
Dividend payable		201	206
Amount due to ultimate holding company	15	33,980	24,567
Amounts due to fellow subsidiaries	15	44,945	33,165
Tax liabilities		188	188
		2,981,644	3,049,656
Net current liabilities		(1,024,711)	(683,710)
Total assets less current liabilities		2,755,044	2,529,350

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current Liabilities			
Rental deposits received and other liabilities	17	132,163	91,010
Lease liabilities		2,890,372	2,532,767
		3,022,535	2,623,777
Net liabilities		(267,491)	(94,427)
Capital and reserves			
Share capital		115,158	115,158
Reserves		(483,096)	(312,896)
Deficit attributable to owners of the Company		(367,938)	(197,738)
Non-controlling interest		100,447	103,311
Total Deficit		(267,491)	(94,427)

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 2024

	Attributable to owners of the Company								
	Share capital	Investment revaluation reserve	Translation reserve	People's Republic of China (the "PRC") statutory reserve	Non-distributable reserve	Accumulated losses	Sub-total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2022 (audited)	115,158	16,521	47,178	35,526	134,535	(349,192)	(274)	102,148	101,874
Loss for the period	-	-	-	-	-	(78,194)	(78,194)	1,641	(76,553)
Other comprehensive income/(loss) for the period	-	1,872	(1,694)	-	-	-	178	724	902
Total comprehensive income/(loss) for the period	-	1,872	(1,694)	-	-	(78,194)	(78,016)	2,365	(75,651)
Dividends recognised as distribution (note 9)	-	-	-	-	-	(5,200)	(5,200)	-	(5,200)
Unclaimed dividends forfeited	-	-	-	-	-	12	12	-	12
At 30 June 2023 (unaudited)	115,158	18,393	45,484	35,526	134,535	(432,574)	(83,478)	104,513	21,035
Loss for the period	-	-	-	-	-	(110,465)	(110,465)	(784)	(111,249)
Other comprehensive (loss)/income for the period	-	(45)	1,450	-	-	-	1,405	(418)	987
Total comprehensive (loss)/income for the period	-	(45)	1,450	-	-	(110,465)	(109,060)	(1,202)	(110,262)
Transfer of reserves	-	-	-	(29,758)	-	29,758	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	(5,200)	(5,200)	-	(5,200)
At 31 December 2023 (audited)	115,158	18,348	46,934	5,768	134,535	(518,481)	(197,738)	103,311	(94,427)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company								
	Share capital	Investment revaluation reserve	Translation reserve	People's Republic of China (the "PRC") statutory reserve	Non-distributable reserve	Accumulated loss	Sub-total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (loss)/income for the period	-	(7,532)	(525)	-	-	-	(8,057)	148	(7,909)
Total comprehensive (loss)/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)

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 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Operating activities		
Operating cash flows before movements in working capital	334,807	464,694
Decrease in inventories	60,422	89,157
(Increase)/decrease in receivables, prepayments and deposits	(34,571)	8,108
Decrease in amounts due from fellow subsidiaries	17,766	24,237
(Decrease)/increase in trade payables	(67,296)	44,528
Decrease in other payables, accrued charges and other liabilities	(56,974)	(103,774)
Decrease in contract liabilities	(18,554)	(28,363)
Increase in amount due to ultimate holding company	9,413	12,060
Increase/(decrease) in amounts due to fellow subsidiaries	18,072	(4,387)
Cash generated from operations	263,085	506,260
PRC income taxes paid	(130)	(476)
Interest on bank deposits and time deposits received	13,103	15,186
Net cash generated from operating activities	276,058	520,970
Investing activities		
Dividends from equity instruments at FVTOCI	5	5
Purchase of property, plant and equipment	(75,108)	(57,223)
Proceeds from disposal of property, plant and equipment	65	45
Proceeds from disposal of equity instruments	9,993	–
Net payment for rental deposits	(3,885)	(5,008)
Payment for right-of-use assets	(15,237)	(852)
Placement of time deposits	(121,048)	(267,518)
Withdrawal of time deposits	165,066	245,521
Placement of pledged bank deposits	(4,844)	(230,133)
Withdrawal of pledged bank deposits	62,036	129,819
Net cash used in investing activities	17,043	(185,344)
Financing activities		
Dividend paid	(6)	(5,190)
Interest on lease liabilities	(96,616)	(98,745)
Repayments of lease liabilities	(372,751)	(416,639)
Cash used in financing activities	(469,373)	(520,574)
Net decrease in cash and cash equivalents	(176,272)	(184,949)
Cash and cash equivalents at 1 January	787,149	1,133,879
Effect of foreign exchange rate changes	664	3,230
Cash and cash equivalents at 30 June, represented by bank balances and cash	611,541	952,160

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 financial information relating to the year ended 31 December 2023 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 2023 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’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

In preparing the interim financial report, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$1,024,711,000 at 30 June 2024. The directors have reviewed the Group’s cash flow forecast prepared by management which covers a period of at least twelve months from 30 June 2024. The directors have also taken into account that AEON Co., Ltd., the Company’s immediate and ultimate holding company, is expected to provide further support to the Group for its operation in the coming twelve months.

On the strength of the undertaking from AEON Co., Ltd. to provide support to the Group from time to time as and when necessary, the directors, after due consideration of the Group’s plans and measures, 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 2024. Accordingly, the directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amended HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s interim financial report:

Amendments to HKAS 1	<i>Presentation of financial statements: Classification of liabilities as current or non-current</i>
Amendments to HKAS 1	<i>Presentation of financial statements: Non-current liabilities with covenants</i>
Amendments to HKFRS 16	<i>Leases: Lease liability in a sale and leaseback</i>
Amendments to HKAS 7	<i>Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements</i>

None of these developments have had 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 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
	Six months ended 30 June 2023 (unaudited)		
	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Direct sales	1,952,438	2,301,364	4,253,802
Income from concessionaire sales	149,790	118,252	268,042
	2,102,228	2,419,616	4,521,844

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

	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)

3 REVENUE AND SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2023 (unaudited)			
	Hong Kong HK\$'000	Mainland China HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue — external	2,102,228	2,419,616	–	4,521,844
Inter-segment sales	–	2,226	(2,226)	–
	2,102,228	2,421,842	(2,226)	4,521,844
Segment loss	(71,620)	(15,437)	–	(87,057)
Investment income				11,537
Loss before tax				(75,520)

Segment loss represents the loss incurred by each segment without allocation of investment income. 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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Rental income from investment properties	158,390	164,720
Management fee and other income from lessees	34,512	31,430
Revenue from scrap sales	1,406	1,587
Platform collaboration income	27,323	205
Others	13,415	20,799
	235,046	218,741

5 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Exchange gain, net	11,271	4,432
Loss on disposal/write off of property, plant and equipment	(390)	(112)
Gain on modification of lease contracts	1,058	5,039
	11,939	9,359

6 OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Advertising, promotion and selling expenses	145,015	151,406
Maintenance, repair and building management fees	173,964	177,982
Administrative expenses	103,038	111,896
Utilities expenses	67,065	75,818
Others	17,411	13,218
	506,493	530,320

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax		
PRC withholding tax	-	476
Deferred tax	748	557
	748	1,033

No provision for Hong Kong Profits Tax is made for the six months ended 30 June 2024 and 30 June 2023 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 2024 and 30 June 2023 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	2,902,908	3,217,693
Write-back of inventories (included in purchase of goods and changes in inventories)	(28)	(15)

9 DIVIDEND

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period:		
Final dividend declared and paid for 2023 of HK\$nil (six months ended 30 June 2023: 2.0 HK cents for 2022 final dividend) per ordinary share	-	5,200

Subsequent to the end of the current interim period, the Board of Directors of the Company has resolved not to declare the payment of an interim dividend (six months ended 30.6.2023: 2.0 HK cents per ordinary share amounting to HK\$5,200,000).

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\$171,176,000 (six months ended 30 June 2023: HK\$78,194,000) and on 260,000,000 (six months ended 30 June 2023: 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\$455,000 (six months ended 30 June 2023: HK\$157,000), resulting in a loss on disposal of HK\$390,000 (six months ended 30 June 2023: loss HK\$112,000).

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$77,290,000 (six months ended 30 June 2023: HK\$57,455,000) 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 8 years. The Group is required to make fixed monthly payments. During the current period, the Group recognised additional HK\$787,343,000 (six months ended 30 June 2023: HK\$77,317,000) of right-of-use assets and HK\$826,823,000 (six months ended 30 June 2023: HK\$74,436,000) of lease liabilities.

As at 30 June 2024, 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% to 11% (31 December 2023: 9% to 11%). 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 2023: 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 from 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 2024 and 2023 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 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Equity securities:		
Listed shares in Hong Kong at fair value	12,262	20,752

The listed shares in Hong Kong mainly represents an investment in a fellow subsidiary of HK\$12,159,000 (31 December 2023: HK\$20,623,000).

13 PLEDGED BANK DEPOSITS

	30 June 2024		31 December 2023	
	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	19,737	20,302	13,744	83,454
As requirement by the relevant Mainland China regulatory body for cash received from prepaid value cards sold	-	7,151	-	6,710
	19,737	27,453	13,744	90,164

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\$41,016,000 (31 December 2023: HK\$46,115,000) 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 2024	31 December 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accounts receivable	41,534	46,125
Rental and related deposits	242,062	246,411
Other receivables, prepayments and other deposits	105,651	77,293
	389,247	369,829
Less: Rental and related deposits under non-current assets	(210,444)	(157,200)
Receivables, prepayments and deposits	178,803	212,629

15 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 2023: 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 ultimate holding company and fellow subsidiaries are trade-related, unsecured, interest free and with credit term of 60 to 90 days (31 December 2023: 60 to 90 days). The amounts are aged within 60 days based on the invoice date at the end of both reporting periods.

16 TIME DEPOSITS

As at 30 June 2024, time deposits represent time deposits denominated in Renminbi ("RMB") amounting to HK\$325,804,000, with an original maturity for more than three months. The average effective interest rates of those time deposits denominated in RMB is 2.35% per annum, respectively. The deposits will mature within one year from the end of the reporting period except for the time deposits of HK\$6,150,000 which will mature after one year from the end of reporting period. Excluding the time deposit of HK\$6,150,000, the amounts are classified as current assets.

As at 31 December 2023, time deposits represent deposits denominated in RMB amounting to HK\$369,285,000, with an original maturity for more than three months. The average effective interest rate of those time deposits denominated in RMB is 2.46% per annum. The deposits will mature within one year from the end of the reporting period except for the time deposits of HK\$6,801,000 which will mature after one year from the end of reporting period. Excluding the time deposit of HK\$6,801,000, 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 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 60 days	872,404	951,705
61 to 90 days	140,524	139,888
Over 90 days	113,554	101,365
Trade payables	1,126,482	1,192,958
Accrued expenses and other liabilities	292,811	343,165
Accrued staff costs	227,587	259,562
Value added tax payables for advance receipts on prepaid store-value cards	41,134	5,846
Payables for purchase of property, plant and equipment	3,606	11,077
Provision for reinstatement	92,516	94,345
Rental deposits received	95,627	101,156
	753,281	815,151
Less: Rental deposits received and other liabilities under non-current liabilities	(132,163)	(91,010)
Other payables, accrued charges and other liabilities	621,118	724,141

The following is the analysis of contract liabilities:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Advance receipts on prepaid store-value cards	352,243	368,842
Deferred revenue on customer loyalty points	28,115	29,562
	380,358	398,404

18 CAPITAL COMMITMENTS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	22,717	14,429

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	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Fellow subsidiaries	Commission paid for credit facilities provided to the customers	12,226	12,662
	Franchise fee	187	210
	Trademark fee	5,716	5,475
	Other income	1,910	2,145
	Purchase of goods and property, plant and equipment	10,208	1,581
	Interest on lease liabilities	7,006	720
	Repayment of lease liabilities	5,804	12,578
	Management fees and utilities expenses	9,506	9,948
	Rental income	11,842	11,050
	Sales of coupons	5,708	7,595
	Service fee expense	55,212	57,497
Ultimate holding company	Royalty expenses	11,184	11,930
Non-controlling shareholder of the subsidiary*	Repayments of lease liabilities	22,973	24,329
	Interest on lease liabilities	1,902	3,349
	Management fees and utilities expenses	6,156	6,433
Directors and key management	Remuneration	2,401	2,601

* 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 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Amounts due from fellow subsidiaries (included in receivables, prepayments and deposits)	1,734	1,941
Amounts due to fellow subsidiaries (included in lease liabilities)	251,784	257,218
Amount due from a non-controlling shareholder of the subsidiary (included in receivables, prepayments and deposits)	4,654	4,545
Amount due to a non-controlling shareholder of the subsidiary (included in lease liabilities)	48,269	71,135

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 2024	31 December 2023
Recurring fair value measurements	HK\$'000	HK\$'000
	(unaudited)	(audited)
Equity instruments at FVTOCI		
Listed equity securities	12,262	20,752

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 2023 and 30 June 2024.

21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Company reached an agreement with AEON Co., Ltd., its immediate and ultimate holding company for a loan of JPY2,670,640,000 that is repayable on 31 December 2024 and bears interest at 1.825% per annum. No adjustment has been made in these financial statements in this regard.

BUSINESS REVIEW

In the first half of 2024, the global economy remained fraught with uncertainties amid high interest rates and persistent geopolitical risks. Internal and external factors led to a slow recovery of the Hong Kong and Mainland China economies and affected consumer confidence, resulting in unsatisfactory profitability for the Group. In the face of continuous market changes and challenges, the Group reviewed and adjusted its own business strategies from time to time and actively implemented internal reforms in order to maintain its competitive edge in the market.

HONG KONG OPERATIONS

The provisional estimate of the volume of total retail sales for June this year fell 9.7% year-on-year, but this was lower than the market's forecast of 11.8%. The provisional estimate of the volume of total retail sales for the first half of 2024 declined 6.6% year-on-year. It showed that Hong Kong's overall economy was still in the recovery stage and that public consumption sentiment had not improved significantly. The boom in Hong Kong people's travelling north and overseas continued. During the period under review, Hong Kong people made a total of 49.5 million outbound trips, an increase of 72.5% year-on-year, of which around 44.2 million were to various cities in Mainland China. Although the number of inbound tourists also surged by more than 60% to approximately 21 million in the first half of this year, the number of Hong Kong visitors travelling to Shenzhen nearly doubled the number of visitors from the Mainland during the same period. Such a large difference adversely affected the local tourism, F&B and retail industries, as well as the performance of the Group's business in the city.

During the period under review, the Group continued to increase the proportion of its private brand merchandise, launched more diverse products under TOPVALU, HÓME CÓORDY and PEACE FIT WARM/COOL, and imported more product varieties directly from Japan and Southeast Asia. Promotional activities such as "Japanese Food Fair", "Korean Fair", "Thai Food Promotion Week", "Vietnamese Fair" and "TOPVALU FAIR" were held to bring authentic foreign flavours to local customers. The Group also made targeted improvements to the product mix of Wednesday's "Super Day" under its supermarket business, thereby increasing the number of customer visits and purchases. Through the above measures, the Group has successfully provided customers with more diversified products and services, improved sales performance and reduced procurement costs.

The Group continued to actively expand its store network to promote the development of various businesses and to meet the needs of different consumer groups. In June this year, the Group opened Hong Kong's fourth KOMEDA'S Coffee in Tsuen Wan. The Group also entered into a strategic cooperation arrangement with IDEA Co., Ltd. from Japan and opened the first Okonomiyaki Japanese chain restaurant "Tsuruhashi Fugetsu" in Hong Kong in July to strengthen its F&B business layout. During the period under review, the Group also completed the upgrade of its Tsuen Wan store to become the fifth AEON STYLE location in Hong Kong and the first in the New Territories. AEON STYLE Tsuen Wan and AEON STYLE Kornhill also completed their contract renewals and will continue to provide comprehensive lifestyle experiences.

During the period under review, the continuous development of the e-commerce business resulted in a significant year-on-year increase in online sales. The upgraded AEON App provides users with a better shopping experience and encourages customers to make purchases, so the related revenue increased by nearly threefold over the last corresponding period. In addition to Foodpanda, the Group has also entered into a business cooperation arrangement with Deliveroo to provide more goods delivery services to customers through third-party takeaway platforms. In terms of operations and management, the Group continued to optimise its "Mobile Assistant", added the Self-checkout function, implemented full the Self-checkout procedures in certain stores, introduced electronic price tags in the supermarket of AEON STYLE Yau Tong, strengthened support for back-end operations, streamlined work processes, and improved staff efficiency.

In the first half of the year, revenue from the Group's Hong Kong business decreased by 9.74% to HK\$1,897.4 million (2023: HK\$2,102.2 million), and the segment loss also widened to HK\$144.3 million (2023: loss of HK\$71.6 million).

MAINLAND CHINA OPERATIONS

The GDP growth rate of Mainland China in the second quarter of 2024 was lower than market expectations, declining from the first quarter. Total retail sales of consumer goods in the first half-year increased by 3.7% year-on-year, but the year-on-year growth rate of total retail sales of consumer goods in June fell 1.7 percentage points from May, the lowest since February last year. The downturn in the real estate industry and sluggish consumption continue to weigh on domestic economic and retail growth, and a weak labour market has further reduced consumers' overall purchasing power.

BUSINESS REVIEW (Continued)

MAINLAND CHINA OPERATIONS (Continued)

During the period under review, sales of the Group's private brand merchandises increased significantly, reflecting the initial success of the Group's strategy of emphasising product differentiation. In addition, the Group continued to review and optimise the existing store layout. In May, it completed a major revitalisation and renovation of the Sun City Mall store in Guangzhou. During the period, it signed the contracts for two stores, the Canton Tower Plaza store (scheduled to open in 2025) and the Paso Plaza store on Guangzhou Airport Road (scheduled to open in September 2024), to further expand the Greater Bay Area market. In order to attract more local customers and cater for the "northbound" consumption boom of Hong Kong people, the Group continued to review the merchandise and merchant mix of its stores and strengthened its fresh and cooked food offerings. As a result, turnover of several stores improved and profitability was achieved.

Revenue from the Mainland China operations in the first half of the year decreased by 10.95% to HK\$2,154.7 million (2023: HK\$2,419.6 million). The loss of the PRC business was HK\$36.9 million (2023: loss of HK\$15.4 million).

PROSPECTS

HONG KONG OPERATIONS

The Hong Kong government is actively promoting the mega-event economy, with more than 100 events expected to be held in the second half of 2024, which is anticipated to attract tourists to Hong Kong and boost local consumption, giving greater momentum to the recovery of the Hong Kong retail sector. The PRC government has raised the duty-free allowance for Mainland residents returning from Hong Kong and Macau and increased the number of Mainland cities eligible for the Individual Visit Scheme to 59, which is also conducive to boosting consumption in Hong Kong. At the same time, the government continues to introduce various measures to support small and medium enterprises in the retail sector, hoping to promote the development of the local retail sector.

The market believes that the U.S. Federal Reserve is very likely to cut interest rates in the second half of this year, which is expected to further support the recovery of Hong Kong's economy. The rate of decline in the value of Hong Kong's total retail sales in June 2024 has slowed down, reflecting signs of stabilisation in retail activities. However, changes in the consumption patterns of tourists and residents and the strong Hong Kong dollar exchange rate will still affect the Hong Kong retail market in the short term. The government expects that the retail sector will remain weak until the end of this year or early next year.

In response to the slow economic recovery, the Group will continue to implement the following strategies. In terms of procurement and sales, the Group will: 1) leverage the scale and supply chain advantages of AEON Group to further increase sales of its private brands and provide customers with affordable and high-quality products while improving the Group's overall gross profit margin; 2) adjust the store operating network, optimise existing stores and strengthen the business of high-margin small specialty stores such as Living PLAZA by AEON, Daiso Japan, and Mono Mono, and increase sales by improving the product mix; 3) further expand its catering business by opening KOMEDA'S Coffee branch and the new business format JELYCO DO By KOMEDA etc., in order to cover a broader and wider customer base and achieve cross-business synergies.

The Group will continue to strengthen its digital transformation to enhance the growth of e-commerce and bolster its level of operational management. In the second half of the year, the Group will work with Octopus to optimise the system and introduce JoyYou card discounts, and will develop self-service functions on the customer app to speed up the processing of delivery services, and introduce a central management system for self-service checkout to expedite the handling of customer enquiries, so as to provide customers with a better and more convenient shopping experience. At the same time, the Group will further optimise the "Mobile Assistant" to enable store employees to view various data more accurately and quickly, thereby improving their work efficiency.

In the second half of the year, the Group is expected to upgrade and renovate the AEON STYLE Tsuen Wan store, and open one AEON STYLE store, one Mono Mono store, one KOMEDA'S Coffee branch, one JELYCO DO By KOMEDA, and several Daiso Japan stores to continuously expand its operating network in Hong Kong.

PROSPECTS (Continued)

MAINLAND CHINA OPERATIONS

The Group expects that in the short term, the PRC will continue to face the impact of the real estate crisis on the overall economy, the labour market will remain challenging and there will be uncertainties resulting from geopolitical risks. However, with the gradual easing of global financial conditions, the PRC government's continued implementation of real estate support measures and a number of proactive fiscal measures, as well as the central bank's RRR reduction and interest rate cuts, the Mainland China economy is expected to improve in the second half of the year.

The Group will actively adjust its business strategy and proactively seize the opportunities presented by the trend of "northbound" travel among Hong Kong residents to increase the sales of stores in the Greater Bay Area. By accelerating product reform and broadening differentiation, the Group will strengthen key product categories to enhance its appeal to customers. At the same time, it will further increase sales of its own private brand merchandise and improve profit margins. As for internal management, the Group will continue to strictly control and reduce costs, increase efficiency, and streamline internal processes to improve productivity.

The Group plans to complete the upgrading and renovation of one store and open two AEON supermarkets in the Greater Bay Area in the second half of the year to further expand its store network in the Greater Bay Area.

GROUP

Under the 2024 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\$95.7 million.

Save as mentioned above or otherwise disclosed, there have been no material events affecting the Group's business from 30 June 2024 up to the date of authorisation for the release of these consolidated financial statements.

FINANCIAL REVIEW

In the first half of the year 2024, the Group's revenue decreased by 10.4% year-on-year to HK\$4,052.1 million (2023: HK\$4,521.8 million). Gross profit margin dropped by 0.4 percentage points to 28.4% (2023: 28.8%).

As for other income, income derived from sub-leases decreased by HK\$6.3 million (2023: decreased by HK\$12.6 million), However, contributed by the Platform collaboration income in the period, other income resulted in an overall increase by 7.5% as compared with last year.

For operating expenses during the period under review, the Group's staff cost decreased by 1.4% and its ratio to revenue increased to 12.0% (2023: 10.9%). Expenses related to leases decreased by 0.9% and the ratio of expenses to revenue increased to 12.8% (2023: 11.6%). Other operating expenses, including advertising, promotion and selling expenses, maintenance and repair expenses (including building management fee), utility expenses, administrative expenses and other expenses, decreased by 4.5% year-on-year and the ratio of other expenses to revenue was 12.5% (2023: 11.7%).

Included in other gains and losses, amongst others, was exchange gain of HK\$11.3 million (2023: exchange gain of HK\$4.4 million). No impairment loss for the six months ended 30 June 2024 and 2023 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\$171.1 million (2023: loss of HK\$78.2 million), representing an increase of loss of HK\$92.9 million.

The Group's adjusted EBITDA¹ for the period was loss HK\$145.8 million (2023: loss HK\$55.2 million), loss increased by HK\$90.6 million.

FINANCIAL REVIEW (Continued)

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 2024 (2023: HK\$0.02).

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\$77.3 million.

The Group also entered into new lease agreements and lease modifications in the review period and recognized additional HK\$787.3 million (2023: HK\$77.3 million) of right-of-use assets and HK\$826.8 million (2023: HK\$74.4 million) of lease liabilities.

The Group maintained a net cash position with cash and bank balances and short-term time deposits amounting to HK\$931.2 million as at 30 June 2024 (31 December 2023: HK\$1,149.6 million). The Group had no bank borrowing and therefore did not disclose any gearing ratio (which is defined by dividing bank borrowings to equity) and had sufficient internal resources to finance future business operations.

As at 30 June 2024, deposits of HK\$40.0 million (31 December 2023: HK\$97.2 million) were pledged to the bank as guarantees of the rental deposits to landlords. Deposits of HK\$7.2 million (31 December 2023: HK\$6.7 million) were also pledged to regulatory bodies as guarantees for prepaid value cards sold.

The Group's total lease liabilities as at 30 June 2024 amounted to HK\$3,664.7 million (31 December 2023: HK\$3,208.8 million), of which HK\$774.4 million (31 December 2023: HK\$676.0 million) is payable within one year.

As at 30 June 2024, the Group's current liabilities exceeded its current assets by HK\$1,024.7 million (31 December 2023: net current liabilities of HK\$683.7 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	
	30.6.2024 HK\$'000	30.6.2023 HK\$'000
Loss for the period	(174,188)	(76,553)
Adjusting items for EBITDA		
Income tax expenses	748	1,033
Depreciation of investment properties	37,659	32,543
Depreciation of property, plant and equipment	67,231	75,310
Depreciation of rights-of-use assets	320,461	355,893
Interest on lease liabilities	96,616	98,745
Investment income	(7,790)	(11,537)
Interest income from rental deposits	(5,236)	(5,797)
Other gain and losses	(11,939)	(9,359)
Items for adjusted EBITDA		
Repayment of lease liabilities (included in consolidated cash flow statement) *	(372,751)	(416,639)
Interest on lease liabilities*	(96,616)	(98,745)
Rounding	5	(94)
Adjusted EBITDA	(145,800)	(55,200)

* 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 2024, the Group had approximately 5,050 full-time and 3,920 part-time employees in Hong Kong and the PRC. 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 2024, 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”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were 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 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	2,030	0.00023%
FUJITA Kenji	1,104	0.00013%

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

Other than as disclosed above, as at 30 June 2024, 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 2024, 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 to 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 286,088,000 shares representing 68.32% 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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and with the knowledge of the Directors, the Company has maintained sufficient public float during the six months ended 30 June 2024 and up to the date of this report.

CORPORATE GOVERNANCE

The Board complied throughout the six months ended 30 June 2024 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 2024.

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2024 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:

(A) CHANGES IN DIRECTORSHIPS

Director	Details of changes
FUJITA Kenji	<ul style="list-style-type: none"> – Resigned as director of AEON Bank, Ltd. with effect from 19 June 2024 – Appointed as non-executive director and the chairman of the board of directors of AEON Credit Service (Asia) Co., Ltd., a company listed on the main board of the Stock Exchange (stock code: 900), with effect from 26 June 2024

(B) CHANGES IN DIRECTORS' EMOLUMENTS

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

The Directors entitlement to directors' fee and emoluments (which will be pro-rata to the period of services in the year of their appointments or as specified for the period of services determined in the Board meeting) for the year ending 31 December 2024 are as follows:

Directors	Emoluments HK\$
GOTO Toshiya	50,000
NAGASHIMA Takenori	2,031,000
HISANAGA Shinya	1,196,000

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

Hong Kong, 29 August 2024