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WING ON COMPANY INTERNATIONAL LIMITED

永安國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The directors of Wing On Company International Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2025:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2025 HK\$'000	2024 HK\$'000
Revenue	3	416,238	479,998
Other revenue	5	60,331	76,987
Other net gain	5	220,817	106,678
Cost of department store sales	6(d)	(106,885)	(122,594)
Cost of property leasing activities	6(b)	(55,324)	(53,166)
Other operating expenses	6(c)	(180,134)	(183,595)
Profit from operations		355,043	304,308
Finance costs	6(a)	(1,313)	(1,792)
		353,730	302,516
Net valuation loss on investment properties		(470,513)	(515,758)
		(116,783)	(213,242)
Share of loss of an associate		(2,438)	(12,566)
Loss before taxation	6	(119,221)	(225,808)
Income tax	7	(29,944)	(17,051)
Loss for the period		(149,165)	(242,859)
Attributable to:			
Shareholders of the Company		(150,288)	(239,576)
Non-controlling interests		1,123	(3,283)
Loss for the period		(149,165)	(242,859)
Basic and diluted loss per share	9(a)	(51.9) cents	(82.5) cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Six months ended 30 June			
	2025		2024	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period		(149,165)		(242,859)
Other comprehensive income for the period (with nil tax effect and after reclassification adjustments):				
Item that will not be reclassified subsequently to profit or loss:				
- other investments at fair value through other comprehensive income		6,300		(742)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of subsidiaries outside Hong Kong	194,347		(81,177)	
- share of exchange differences on translation of financial statements of an associate outside Hong Kong	2,180		(2,399)	
		196,527		(83,576)
Other comprehensive income for the period		202,827		(84,318)
Total comprehensive income for the period		53,662		(327,177)
Attributable to:				
Shareholders of the Company		52,259		(323,886)
Non-controlling interests		1,403		(3,291)
Total comprehensive income for the period		53,662		(327,177)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Non-current assets			
Investment properties		12,606,565	12,873,724
Other property, plant and equipment		334,904	334,645
		<u>12,941,469</u>	<u>13,208,369</u>
Interest in an associate	10	123,259	308,586
Other investments		126,525	120,225
Prepayments	11	12,400	5,840
		<u>13,203,653</u>	<u>13,643,020</u>
Current assets			
Trading securities		2,355,572	2,208,591
Inventories		67,920	70,621
Debtors, deposits and prepayments	11	72,121	57,498
Amounts due from fellow subsidiaries		25,916	5,821
Current tax recoverable		10,668	3,057
Cash and bank balances		2,410,507	2,079,994
		<u>4,942,704</u>	<u>4,425,582</u>
Current liabilities			
Creditors and accrued charges	12	423,270	296,782
Contract liabilities		19,272	19,855
Secured bank loan		65,040	59,280
Lease liabilities		18,448	17,814
Amounts due to fellow subsidiaries		1,381	2,015
Current tax payable		17,392	8,899
		<u>544,803</u>	<u>404,645</u>
Net current assets		<u>4,397,901</u>	<u>4,020,937</u>
Total assets less current liabilities		<u>17,601,554</u>	<u>17,663,957</u>
Non-current liabilities			
Lease liabilities		9,730	19,107
Long service payment liabilities		3,462	3,462
Deferred tax liabilities		833,438	783,040
		<u>846,630</u>	<u>805,609</u>
NET ASSETS		<u>16,754,924</u>	<u>16,858,348</u>
Capital and reserves			
Share capital		28,925	28,958
Reserves		16,699,480	16,804,274
Total equity attributable to shareholders of the Company		<u>16,728,405</u>	<u>16,833,232</u>
Non-controlling interests		26,519	25,116
TOTAL EQUITY		<u>16,754,924</u>	<u>16,858,348</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Attributable to shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Contributed surplus	General reserve fund	Retained earnings (Note)		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2025		28,958	278,710	105,307	(715,126)	754,347	3,111	16,377,925	25,116	16,858,348
Changes in equity for the six months ended 30 June 2025										
(Loss)/profit for the period		-	-	-	-	-	-	(150,288)	1,123	(149,165)
Other comprehensive income for the period		-	-	6,300	196,247	-	-	-	280	202,827
Total comprehensive income for the period		-	-	6,300	196,247	-	-	(150,288)	1,403	53,662
Purchase of own shares										
- par value paid		(33)	-	-	-	-	-	-	-	(33)
- premium and transaction costs paid		-	-	-	-	-	-	(3,749)	-	(3,749)
Dividends approved and payable in respect of the previous year	8(b)	-	-	-	-	-	-	(153,304)	-	(153,304)
		(33)	-	6,300	196,247	-	-	(307,341)	1,403	(103,424)
At 30 June 2025		28,925	278,710	111,607	(518,879)	754,347	3,111	16,070,584	26,519	16,754,924
At 1 January 2024		29,042	278,710	104,719	(388,389)	754,347	3,111	17,574,290	29,502	18,385,332
Changes in equity for the six months ended 30 June 2024										
Loss for the period		-	-	-	-	-	-	(239,576)	(3,283)	(242,859)
Other comprehensive income for the period		-	-	(742)	(83,568)	-	-	-	(8)	(84,318)
Total comprehensive income for the period		-	-	(742)	(83,568)	-	-	(239,576)	(3,291)	(327,177)
Purchase of own shares										
- par value paid		(38)	-	-	-	-	-	-	-	(38)
- premium and transaction costs paid		-	-	-	-	-	-	(4,469)	-	(4,469)
Dividends approved and payable in respect of the previous year	8(b)	-	-	-	-	-	-	(174,057)	-	(174,057)
		(38)	-	(742)	(83,568)	-	-	(418,102)	(3,291)	(505,741)
At 30 June 2024		29,004	278,710	103,977	(471,957)	754,347	3,111	17,156,188	26,211	17,879,591
At 1 July 2024		29,004	278,710	103,977	(471,957)	754,347	3,111	17,156,188	26,211	17,879,591
Changes in equity for the six months ended 31 December 2024										
Loss for the period		-	-	-	-	-	-	(679,532)	(945)	(680,477)
Other comprehensive income for the period		-	-	1,330	(243,169)	-	-	(492)	(150)	(242,481)
Total comprehensive income for the period		-	-	1,330	(243,169)	-	-	(680,024)	(1,095)	(922,958)
Purchase of own shares										
- par value paid		(46)	-	-	-	-	-	-	-	(46)
- premium and transaction costs paid		-	-	-	-	-	-	(5,495)	-	(5,495)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(92,744)	-	(92,744)
		(46)	-	1,330	(243,169)	-	-	(778,263)	(1,095)	(1,021,243)
At 31 December 2024		28,958	278,710	105,307	(715,126)	754,347	3,111	16,377,925	25,116	16,858,348

Note:

Retained earnings attributable to shareholders of the Company at 30 June 2025 include the aggregate net valuation gain relating to investment properties after deferred tax of HK\$9,956,860,000 (at 31 December 2024: HK\$10,428,347,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Operating activities		
Loss before taxation	(119,221)	(225,808)
Adjustments for:		
Net valuation loss on investment properties	470,513	515,758
Depreciation and amortisation	37,673	41,836
Interest and dividend income	(56,869)	(71,410)
Share of loss of an associate	2,438	12,566
Increase in trading securities	(146,981)	(113,923)
Other cash flows arising from operating activities	(72,099)	(55,985)
	<hr/>	<hr/>
Cash generated from operations	115,454	103,034
Tax paid	(23,291)	(27,515)
	<hr/>	<hr/>
Net cash generated from operating activities	92,163	75,519
	<hr/>	<hr/>
Investing activities		
Payment for purchases of investment properties and other property, plant and equipment	(33,525)	(49,154)
Decrease in pledged bank balances	16,402	—
Decrease in bank deposits with more than three months to maturity when placed	277,300	29,104
Dividends and distributions from an associate	185,069	—
Other cash flows arising from investing activities	50,390	71,423
	<hr/>	<hr/>
Net cash generated from investing activities	495,636	51,373
	<hr/>	<hr/>
Financing activities		
Cash flows arising from financing activities	(13,696)	(14,469)
	<hr/>	<hr/>
Net cash used in financing activities	(13,696)	(14,469)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	574,103	112,423
Cash and cash equivalents at 1 January	1,574,267	1,721,409
Effect of foreign exchange rate changes	29,939	(3,345)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	2,178,309	1,830,487
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NOTES TO THE UNAUDITED INTERIM RESULTS

1. Basis of preparation

The interim results set out in this announcement are extracted from the Group's interim financial report for the six months ended 30 June 2025.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 26 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements.

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

The interim financial report contains condensed consolidated interim 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 interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial 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 financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the websites of the Company and the Stock Exchange. The auditor has expressed an unqualified opinion on those financial statements in their independent auditor's report dated 25 March 2025.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

The principal activities of the Group are the operation of department stores and property investment.

The Group's revenue comprised the invoiced value of goods sold to customers less returns, net income from concession sales and consignment sales and income from property investment. Disaggregation of revenue by category is analysed as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Under the scope of Hong Kong Financial Reporting Standard (“HKFRS”) 15, Revenue from contracts with customers:		
Department stores (recognised at a point in time)		
- Sales of goods	152,162	179,137
- Net income from concession sales	59,700	68,023
- Net income from consignment sales	20,896	25,044
	232,758	272,204
Property investment (recognised over time)		
- Building management fees and other rental related income	24,368	27,652
Under the scope of HKFRS 16, Leases:		
Property investment		
- Rentals from investment properties	159,112	180,142
	416,238	479,998

4. Segment reporting

The Group manages its business by two divisions, namely department stores and property investment. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Department stores: this segment operates department stores in Hong Kong.
- Property investment: this segment leases commercial premises to generate rental income. Currently the Group's investment property portfolio is located in Hong Kong, Australia and the United States of America.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible assets and current assets with the exception of interest in an associate, investments in financial assets, current tax recoverable and other corporate assets. Segment liabilities include trade and other creditors, accrued charges, lease liabilities, contract liabilities and long service payment liabilities managed directly by the segments.
- Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is profit from operations before interest income.

In addition to receiving segment information concerning segment profit, the Group's most senior executive management is provided with segment information concerning revenue (including inter-segment revenue), interest on lease liabilities managed directly by the segments, depreciation and amortisation, bad debts written off and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below.

	Department stores		Property investment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	232,758	272,204	183,480	207,794	416,238	479,998
Inter-segment revenue	—	—	43,286	55,390	43,286	55,390
Reportable segment revenue	232,758	272,204	226,766	263,184	459,524	535,388
Reportable segment profit/(loss)	(38,514)	(27,041)	158,810	192,545	120,296	165,504
Interest on lease liabilities	1,171	1,792	—	—	1,171	1,792
Depreciation and amortisation	15,930	12,984	21,554	28,501	37,484	41,485
	Department stores		Property investment		Total	
	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	225,655	219,570	12,852,644	13,116,577	13,078,299	13,336,147
Additions to non-current segment assets during the period/year	23,798	73,435	17,238	17,377	41,036	90,812
Reportable segment liabilities	171,957	213,746	96,092	101,199	268,049	314,945

(b) Reconciliations of reportable segment profit, assets and liabilities

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit		
Reportable segment profit	120,296	165,504
Other revenue	60,331	76,987
Other net gain	220,817	106,678
Finance costs	(1,313)	(1,792)
Net valuation loss on investment properties	(470,513)	(515,758)
Share of loss of an associate	(2,438)	(12,566)
Unallocated head office and corporate expenses	(46,401)	(44,861)
Consolidated loss before taxation	(119,221)	(225,808)
	At	At
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	13,078,299	13,336,147
Elimination of inter-segment receivables	(3,533)	(3,533)
	13,074,766	13,332,614
Interest in an associate	123,259	308,586
Other investments	126,525	120,225
Trading securities	2,355,572	2,208,591
Current tax recoverable	10,668	3,057
Unallocated head office and corporate assets	2,455,567	2,095,529
Consolidated total assets	18,146,357	18,068,602
Liabilities		
Reportable segment liabilities	268,049	314,945
Elimination of inter-segment payables	(3,533)	(3,533)
	264,516	311,412
Secured bank loan	65,040	59,280
Current tax payable	17,392	8,899
Deferred tax liabilities	833,438	783,040
Unallocated head office and corporate liabilities	211,047	47,623
Consolidated total liabilities	1,391,433	1,210,254

5. Other revenue and other net gain

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Other revenue		
Interest income from bank deposits	38,896	49,882
Dividend income from investments in securities	13,331	15,619
Interest income from investments in securities	4,642	5,909
Others	3,462	5,577
	<u>60,331</u>	<u>76,987</u>

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Other net gain		
Net gain on remeasurement to fair value of trading securities	158,238	79,129
Net gain on disposal of trading securities	46,773	30,214
Net foreign exchange gain/(loss)	16,008	(2,655)
Net loss on disposal of plant and equipment	(202)	(10)
	<u>220,817</u>	<u>106,678</u>

6. Loss before taxation

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on lease liabilities	1,171	1,792
Interest on secured bank loan	142	-
	<u>1,313</u>	<u>1,792</u>
(b) Rentals receivable from investment properties		
Income from property investment	(183,480)	(207,794)
Less: direct outgoings	55,324	53,166
	<u>(128,156)</u>	<u>(154,628)</u>
(c) Other operating expenses, include		
Staff costs (excluding directors' emoluments)		
- salaries, wages and other benefits	96,547	94,912
- contributions to defined contribution retirement plans	4,538	4,484
	<u>101,085</u>	<u>99,396</u>
Less: included in cost of property leasing activities	(1,189)	(1,918)
	<u>99,896</u>	<u>97,478</u>
Depreciation		
- owned plant and equipment	8,654	5,833
- right-of-use assets	16,552	21,531
Directors' emoluments	14,483	14,663
Electricity, water and gas	3,746	3,745
Advertising expenses	2,991	3,893
Credit card commission	2,624	2,422
Government rent and rates	2,411	2,574
Information technology expenses	2,347	3,308
	<u></u>	<u></u>
(d) Other items		
Amortisation on lease incentives	12,467	14,472
Cost of inventories sold	106,885	122,594
	<u></u>	<u></u>

7. Income tax in the consolidated statement of profit or loss

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	18,028	22,221
Current tax – Outside Hong Kong		
Provision for the period	6,575	11,990
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	(35)	(20,167)
- other temporary differences	5,376	3,007
	5,341	(17,160)
Total income tax expense	29,944	17,051

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taxation for subsidiaries outside Hong Kong is charged similarly at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8. Dividends

(a) Dividends payable to shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend:		
- declared after the interim period	124,378	92,812
- attributable to shares purchased in July and September 2024	-	(68)
	<hr/>	<hr/>
Interim dividend payable after the interim period of 43 HK cents (2024: 32 HK cents) per share	124,378	92,744
	<hr/> <hr/>	<hr/> <hr/>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and payable during the interim period:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Final dividend in respect of the financial year ended 31 December 2024/31 December 2023		
- approved during the interim period	153,474	174,250
- attributable to shares purchased in January to May 2025/January, February, April, May and June 2024	(170)	(193)
	<hr/>	<hr/>
Final dividend payable during the interim period of 53 HK cents (payable during 2024: 60 HK cents) per share	153,304	174,057
	<hr/> <hr/>	<hr/> <hr/>

9. Basic and diluted loss per share

- (a) The calculation of basic loss per share is based on the consolidated loss attributable to shareholders of the Company for the six months ended 30 June 2025 of HK\$150,288,000 (2024: HK\$239,576,000) divided by the weighted average of 289,349,000 shares (2024: 290,252,000 shares) in issue during the interim period.

There were no dilutive potential shares outstanding throughout the periods presented.

- (b) **Adjusted basic earnings per share excluding the net valuation loss on investment properties net of related deferred tax thereon**

For the purpose of assessing the underlying performance of the Group, management is of the view that the loss for the period should be adjusted for the net valuation loss on investment properties net of related deferred tax thereon in arriving at the “underlying profit attributable to shareholders of the Company”.

The difference between the underlying profit attributable to shareholders of the Company and loss attributable to shareholders of the Company as shown in the consolidated statement of profit or loss for the period is reconciled as follows:

	Six months ended 30 June 2025		2024	
	HK\$'000	(Loss)/ earnings per share HK cents	HK\$'000	(Loss)/ earnings per share HK cents
Loss attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	(150,288)	(51.9)	(239,576)	(82.5)
Add: net valuation loss on investment properties	470,513	162.6	515,758	177.7
Less: decrease in deferred tax liabilities in relation to the net valuation loss on investment properties	(35)	(0.0)	(20,167)	(7.0)
	<u>320,190</u>	<u>110.7</u>	<u>256,015</u>	<u>88.2</u>
Add/(less): valuation gain/(loss) on investment property net of related deferred tax attributable to non-controlling interests	1,009	0.3	(3,403)	(1.2)
	<u>321,199</u>	<u>111.0</u>	<u>252,612</u>	<u>87.0</u>

10. Interest in an associate

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Unlisted shares		
Share of net assets other than intangible assets	119,782	304,898
Share of intangible assets of an associate	3,477	3,688
	<u>123,259</u>	<u>308,586</u>

During the six months ended 30 June 2025, the Group received dividends and distributions of HK\$185,069,000 (2024: nil) from the associate.

11. Debtors, deposits and prepayments

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Trade debtors, net of loss allowance	10,312	11,276
Other debtors	18,144	13,692
Deposits and prepayments	56,065	38,370
	<u>84,521</u>	<u>63,338</u>
Represented by:		
Non-current portion	12,400	5,840
Current portion	72,121	57,498
	<u>84,521</u>	<u>63,338</u>

At the end of the reporting period, the ageing analysis of trade debtors (net of loss allowance), based on the due date, is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Current (not past due) or less than one month past due	9,728	10,750
One to three months past due	151	265
More than three months but less than twelve months past due	433	261
	<u>10,312</u>	<u>11,276</u>

The Group's retail sales to customers are mainly made in cash, credit cards or other electronic payment methods. The trade receivables from credit cards or other electronic payment service providers are normally settled in one to two business days in arrears, and the rentals from leasing of investment properties are normally received in advance of each month.

12. Creditors and accrued charges

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Trade and other creditors	369,371	246,574
Accrued charges	53,899	50,208
	<u>423,270</u>	<u>296,782</u>

At the end of the reporting period, the ageing analysis of trade and other creditors, based on the due date, is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Amounts not yet due	181,072	196,597
On demand or less than one month overdue	187,626	47,103
One to three months overdue	200	2,636
More than three months but less than twelve months overdue	305	76
More than twelve months overdue	168	162
	<u>369,371</u>	<u>246,574</u>

The credit period granted to the Group is generally between 30 days and 90 days from the date of billing.

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2025, the Group's revenue was HK\$416.2 million (2024: HK\$480.0 million), a decrease of 13.3% due mainly to the decrease in the Group's department stores revenue and property investment income.

The Group recorded a loss attributable to shareholders of HK\$150.3 million for the six months ended 30 June 2025 (2024: HK\$239.6 million). Such reduction in loss was mainly attributable to the gain from the Group's investment portfolio of HK\$219.8 million for the period as compared to a gain of HK\$127.8 million for the corresponding period in 2024. During the six months ended 30 June 2025, the Group recorded a net valuation loss of HK\$470.5 million (2024: HK\$515.8 million) on the Group's investment properties. Excluding the net valuation loss on investment properties and related deferred tax thereon, the Group's underlying profit attributable to shareholders increased by 27.2% to HK\$321.2 million for the six months ended 30 June 2025 (2024: HK\$252.6 million).

Loss per share for the six months ended 30 June 2025 was 51.9 HK cents (2024: 82.5 HK cents) per share. Excluding the net valuation loss on the Group's investment properties and related deferred tax thereon, the Group's underlying earnings per share for the period was 111.0 HK cents (2024: 87.0 HK cents) per share.

The directors have decided to pay an interim dividend of 43 HK cents (2024: 32 HK cents) per share, absorbing a total amount of HK\$124,378,000 (2024: HK\$92,744,000). The interim dividend will be paid on Friday, 24 October 2025 to shareholders on the register of members of the Company on Friday, 10 October 2025. The register of members of the Company will be closed from Monday, 6 October 2025 to Friday, 10 October 2025, both dates inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged for registration with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:00 p.m. on Friday, 3 October 2025.

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2025 was HK\$16,728.4 million, a decrease of 0.6% as compared to HK\$16,833.2 million at 31 December 2024. With cash and listed marketable securities of HK\$3,624.3 million at 30 June 2025 (at 31 December 2024: HK\$3,256.7 million) as well as available banking facilities, the Group has sufficient liquidity to meet its current commitments and working capital requirements.

Borrowings and Charges on the Group's Assets

At 30 June 2025, the Group's total borrowings amounted to HK\$65.0 million (at 31 December 2024: HK\$59.3 million), which related to a one-year term loan denominated in Japanese Yen for the Group's investment in trading securities. Certain assets, comprising cash and bank balances and trading securities with an aggregate carrying value of HK\$178.5 million (at 31 December 2024: HK\$158.3 million), were pledged to the bank as collateral security for such borrowings. The entire borrowings were repaid on the maturity date of 28 July 2025. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is computed from the total borrowings of the Group divided by shareholders' equity of the Group at 30 June 2025, was 0.4% (at 31 December 2024: 0.4%).

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. Its exposure to fluctuations in the foreign exchange market mainly arose from the Group's net investment in subsidiaries outside Hong Kong of HK\$3,388.4 million at 30 June 2025 (at 31 December 2024: HK\$3,151.4 million). The Group's cash and bank balances are mainly denominated in Hong Kong dollar, United States dollar and Australian dollar.

Capital Commitments and Contingent Liabilities

At 30 June 2025, the Group's capital commitments amounted to HK\$26.8 million (at 31 December 2024: HK\$58.1 million). The Group had no contingent liabilities at 30 June 2025 and 31 December 2024.

HALF YEAR BUSINESS REVIEW

Department Stores Operation

During the first half of 2025, the retail sector in Hong Kong encountered persistent challenges due to sustained outbound travel, increased cross-border shopping and entertainment, and changing shopping habits of Mainland visitors. Furthermore, traditional retailers in Hong Kong are encountering competition from Mainland e-commerce businesses and other budget-friendly stores, which are expanding their presence in Hong Kong, providing a broader range of inexpensive products and services.

For the six months ended 30 June 2025, the Group's department stores recorded a revenue of HK\$232.8 million, a 14.5% decline from HK\$272.2 million for the same period in 2024. The revenue decline was primarily attributed to a decrease in in-store customer traffic and diminished consumer spending. Overall, the department stores incurred an operating loss of HK\$38.5 million (2024: HK\$27.0 million), due mainly to the decline in revenue.

During the period under review, the Group completed the renovation of the premises of its wing on *Plus* branch store on Nathan Road. Acknowledging the changes in retail conditions and consumer shopping patterns, the Group has endeavoured to adjust its department stores' offerings to meet the changing requirements of its customers. Nevertheless, the prevailing market downturn impacted the pace of our implementation.

Property Investment

For the six months ended 30 June 2025, the Group's property investment income was HK\$158.8 million (2024: HK\$192.5 million). Net income from the Group's commercial investment properties in Hong Kong decreased by 13.2% to HK\$124.8 million (2024: HK\$143.8 million) which was mainly due to the lower rentals achieved for new leases and lease renewals and a decrease in average occupancy rate. The overall occupancy rate of the Group's commercial investment properties in Hong Kong stayed at approximately 89% at 30 June 2025 (at 30 June 2024: 91%). Net income from the Group's commercial office properties in Melbourne, Australia decreased by 28.4% to HK\$35.5 million (2024: HK\$49.6 million). The decrease was attributable mainly to the reduction in occupancy rate to approximately 76% at 30 June 2025 (at 30 June 2024: 85%). Net income in terms of Australian currency decreased by 25.7%.

In order to maintain its status as a premium grade office building, the Group has commenced a feasibility study to improve the building facilities and amenities of the Group's commercial office property at 333 Collins Street in Melbourne, Australia. The enhancement project, which will be carried out in phases over several years, will include upgrades to the main lobby and office floors, as well as the additions of a range of premium facilities and essential amenities. The concept design is expected to be finalised by the end of 2025.

Interest in an Associate

For the six months ended 30 June 2025, the Group recorded a share of loss after tax from the associate's automobile dealership interest in the People's Republic of China of HK\$4.7 million (2024: HK\$16.2 million). Overall, the Group recorded a share of loss after tax from the associate of HK\$2.4 million (2024: HK\$12.6 million) for the six months ended 30 June 2025.

Others

At 30 June 2025, the Group's investment portfolio amounted to HK\$2,355.6 million (at 31 December 2024: HK\$2,208.6 million), which comprised of equity and debt securities, investment funds, strategies managed by professional investment managers, and structured products. For the six months ended 30 June 2025, the Group's investment portfolio recorded a gain of HK\$219.8 million, mainly arising from the gain on remeasurement to fair value of trading securities and on disposal of trading securities (2024: HK\$127.8 million). The Group recorded a net foreign exchange gain of HK\$16.0 million (2024: a net loss of HK\$2.7 million) from its holdings of foreign currencies.

STAFF

At 30 June 2025, the Group had a total staff of 517 (at 31 December 2024: 531). The Group's remuneration policies, bonus schemes, the Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2024 Annual Report.

OUTLOOK FOR THE REMAINDER OF 2025

In view of intense competition among retailers and weak consumer sentiment, the Group anticipates that its department stores business will continue to face challenges in the remainder of the year. The Group will make significant efforts to manage its operating expenses, while striving to adjust its merchandise mix to meet the preferences of its customers. The Group's investment properties in Hong Kong and Melbourne will continue to generate rental income in line with market conditions, although the office leasing markets in Hong Kong and Melbourne are expected to remain weak. With the Group's strong financial position, the Group is confident that it can meet the challenges ahead.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all directors of the Company (the "**Directors**") and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2025, the Company purchased its own shares on the Stock Exchange and cancelled the purchased shares as follows:

Month/year	Number of shares purchased	Purchase price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2025	129,000	11.80	11.78	1,520
February 2025	53,000	11.82	11.68	623
March 2025	59,000	11.72	11.70	692
April 2025	63,000	11.62	11.40	724
May 2025	18,000	11.56	11.56	208
	<u>322,000</u>			<u>3,767</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 June 2025.

By Order of the Board
Kwok Chi Leung Karl
Chairman

Hong Kong, 26 August 2025

At the date of this announcement, the executive directors of the Company are Mr. Kwok Chi Leung Karl (Chairman), Mr. Kwok Chi Hang Lester (Deputy Chairman and Chief Executive Officer), Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat; the independent non-executive directors of the Company are Miss Tam Wai Chu Maria, Mr. Leung Wing Ning and Mr. Nicholas James Debnam; and the alternate directors of the Company are Mr. Kwok Stuart Wing-ching (alternate director to Mr. Kwok Chi Leung Karl), Mr. Kwok Wing Tai Dennis (alternate director to Mr. Kwok Chi Hang Lester), Mr. Kwok Kendrick Wing-kay (alternate director to Dr. Kwok Chi Piu Bill) and Mr. Kwok Gareth Wing-sien (alternate director to Mr. Kwok Chi Yat).