



# INTERIM REPORT 2025

TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 693

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## Management Review

### RESULTS

The first half of 2025 demonstrated the Group's resilience and disciplined management amid a complex global economic environment. While geopolitical tensions and market volatility continued to shape business conditions worldwide, the Group delivered measurably improved financial performance across key metrics.

The Group's revenue for the first half of 2025 was HK\$6.51 billion, a modest 1% decline from HK\$6.59 billion in the corresponding period of 2024. After-tax profit for the first half of 2025 was HK\$107.7 million, compared to HK\$28.0 million in the corresponding period of 2024.

EBITDA grew by 15% to HK\$673.6 million in the first half of 2025, up from HK\$583.5 million in the same period of 2024. Profit from operations was HK\$329.8 million for the first half of 2025, with an operating profit margin of 5.1% as compared to the 3.7% registered in the corresponding period of the previous year.

This performance reflects strengthened execution, with enhanced cost controls and operational efficiencies implemented Group-wide. Across the Group's businesses excluding ZERO Co., Ltd. and its subsidiaries ("ZERO Group") and ETHOZ Group Limited and its subsidiaries ("ETHOZ Group"), administrative expenses were reduced by 11% and distribution costs fell by 29%.

Looking ahead, the automotive division is well-positioned for the second half of 2025, with a new Subaru hybrid model seeing strong bookings, and new Nissan launches set to expand both commercial and passenger vehicle offerings. This momentum will continue into early 2026 with the introduction of two new Subaru electric vehicle ("EV") models in the first quarter.

Among the Group's subsidiaries, ZERO Group continued its strong trajectory with 8% revenue growth and a 36% increase in after-tax profit for the first half of 2025, compared to the same period in 2024. ETHOZ Group recorded a 2.4% decline in total revenue and a 10% increase in after-tax profit for the first half of 2025, compared to the same period in 2024.

Looking ahead, the Group maintains a measured outlook, recognising that global economic conditions remain fluid. However, the operational improvements and cost controls achieved in the first half of 2025 provide a solid foundation for continued progress. The Group's financial position remains stable, with key balance sheet metrics reflecting prudent capital management.

The Group's net gearing ratio, which is computed by dividing the net debt with the total equity, was 49.3% as at 30 June 2025. The net debt recorded was HK\$6,330.4 million, as compared to HK\$5,872.1 million as of 31 December 2024. Net debt is comprised of borrowings of HK\$8,515.7 million and unsecured overdrafts of HK\$272.4 million, less cash and bank balances of HK\$2,457.7 million.

ROCE (Return on Capital Employed), calculated by dividing earnings before interest and taxes (EBIT) by the sum of total equity and non-current liabilities, improved to 1.9% in the first half of 2025, compared to 1.5% for the first half of 2024.

Net Asset Per Share as of 30 June 2025 was HK\$6.37, an increase from the HK\$6.04 recorded at the end of December 2024.

The directors have declared an interim dividend of HK2 cents per share for the first half of 2025.

### SIGNIFICANT INVESTMENTS

As of 30 June 2025, the Group had investments designated at fair value through other comprehensive income of HK\$1.61 billion. The investments consist of both listed and unlisted equity securities. Most of these investments are equity securities listed on the Tokyo Stock Exchange, that were accumulated over the years as strategic long-term investments. The Group recorded an unrealised loss on its investments designated as at fair value through other comprehensive income of HK\$37 million, as compared to the unrealised gain of HK\$262 million for the corresponding period in 2024. The loss is due to share price changes of its listed investments, which were marked to market and reported in the other comprehensive income statement for the period. Such unrealised fair value loss on its investments was not reclassified to the Group's consolidated statement of profit or loss.

### SINGAPORE

In Singapore, total industry volume ("TIV") expanded by 28% year-on-year in the first half of 2025 on the back of a recovery in the supply of Certificate of Entitlements ("COE"). TIV for passenger cars expanded by 29%, while that for commercial vehicles expanded by 22%.

#### Nissan

Nissan saw a decline in sales of 20% year-on-year following a slowdown in sales for both its passenger and commercial vehicles.

For Nissan passenger cars, sales declined by 26% year-on-year. This was largely due to the reduction in incentives accorded to Band A2 passenger cars under the Vehicular Emission Scheme ("VES") that took effect from 1 Jan 2025, of which the bulk of its passenger car lineup falls under. This impact was especially pronounced in the first quarter of 2025 as the market adjusted to the higher prices due to the reduction in incentives.

However, Nissan managed to improve its position in the second quarter, which saw its passenger car sales increase by 50% compared to the first quarter of 2025. This allowed Nissan to retain its position as one of the top 10 best-selling passenger car brands in Singapore based on data released by the Land Transport Authority ("LTA") for the first half of 2025.

For Nissan commercial vehicles, sales declined by 8% year-on-year. The slowdown was largely due to the discontinuation of the incentives for Band B light commercial vehicles under the Commercial Vehicle Emission Scheme ("CVES"), as well as the discontinuation of the Early Turnover Scheme ("ETS") for light commercial vehicles. Both schemes took effect from 1 April 2025, which impacted the sales of its best-seller, the NV200 panel van.

However, despite all the headwinds, Nissan managed to retain its position as the best-selling Light Goods Vehicles ("LGV") brand in Singapore based on data released by LTA for the first half of 2025.

Looking ahead to the second half of 2025, the Group's Nissan operations are positioned for growth with new model introductions strengthening both commercial and passenger vehicle segments. The introduction of the Townstar EV will complete the Group's commercial van lineup with petrol, diesel, and electric options, while an enhanced Serena e-POWER variant will strengthen competitiveness in the passenger vehicle market with improved seating flexibility and specifications.

## Management Review (continued)

### Nissan (continued)

While the continued influx of new brands into Singapore is likely to result in more intense competition, these strategic model launches position Nissan to benefit from the expected continued expansion of the TIV. The Group remains cautiously optimistic while being mindful of the headwinds going forward.

### Subaru

The Group's Subaru operations across its markets have undertaken a series of process improvements and cost rationalisation starting from the second half of 2024, which have resulted in enhanced efficiency and competitiveness. The Group has been highly encouraged by the positive results from this exercise, which are a testament to the Group's adaptability and resilience as well as its close connections with stakeholders and trading partners.

The Group's Subaru business in Singapore grew by 181% in the first half of 2025, outperforming the market's TIV growth of 29% compared to the same period in 2024. In addition, the Group will continue with its electrification strategy with the expected launch of the All-New Forester E-Boxer Strong Hybrid in the second half of 2025.

### ETHOZ Group

ETHOZ Group's total revenue declined 2.4% to HK\$445.4 million in the first half of 2025 over the corresponding period in 2024, primarily due to decreased vehicle rental income and vehicle sales, though partially offset by an increase in interest income. Despite the revenue decline, ETHOZ Group registered improved profitability with a 10% increase in net profit for the first half of 2025, compared to the same period in 2024.

While anticipating a challenging second half of 2025 marked by persistent global economic and geopolitical uncertainties and a volatile interest rate landscape, ETHOZ Group remains optimistic about the year's outlook, underpinned by the strength and resilience of its core businesses.

ETHOZ Group remains confident in the long-term potential of its core businesses and regional markets, reaffirming its commitment to sustainable growth in Singapore and across the region, while strategically positioning itself to capitalise on emerging opportunities.

### CHINA

In Hong Kong, the Group's Subaru operations saw a 13% decrease in sales in the first half of 2025 compared to the same period in 2024. Despite this, the Group managed to increase its Subaru market share, due to the TIV declining by 23% for the corresponding period.

The Group is optimistic about the outlook for the second half of 2025 following the successful launch of the All-New Forester E-Boxer Strong Hybrid on 11 July 2025. This exciting new model builds on the successful Forester model range, blending all-new hybrid efficiency with practicality, safety and reliability.

The China market continues to face significant headwinds with steep competition among brands, and the Group's China Subaru dealership operations posted a 43% decline in sales in the first half of 2025 compared to the same period in 2024. The Group continues to consolidate its efforts and innovate with new dealership practices in its efforts to improve operations, and remains optimistic about the outlook for the second half of 2025 with the launch of the All-New Forester expected to enhance its model line-up.

### TAIWAN AND PHILIPPINES

In Taiwan, with weakening economic sentiment amidst the uncertainty of the US trade tariff situation, the Group's Subaru operations posted a 36% decline in sales in the first half of 2025 compared to the same period in 2024. This was further exacerbated by the ageing model line-up compared to competitor brands, but the Group expects an improved outlook for the second half of 2025 with the upcoming launch of the All-New Forester E-Boxer Strong Hybrid.

In the Philippines, preferential tax schemes on new energy vehicles ("NEV") have resulted in the entry of multiple new brands, which have affected Group operations and led to a 64% decrease in sales in the first half of 2025 compared to the same period in 2024. In line with the government's push to grow the NEV segment, the Group will be launching the All-New Forester E-Boxer Strong Hybrid in the second half of 2025.

Despite the challenges, the Group continues to remain optimistic about its recovery and has committed to improving and expanding its dealership network with the opening of Subaru Pampanga in Angeles City, Luzon, in June 2025.

### MALAYSIA, THAILAND, VIETNAM, AND CAMBODIA

With the cessation of production at the Group's assembly plant in Thailand, the Group is currently in the process of transitioning the Complete Knock Down ("CKD") markets of Malaysia, Thailand, Vietnam, and Cambodia to a Complete Build Up ("CBU") model from Japan.

In Malaysia, TIV is expected to normalise in 2025 after a record year in 2024 and weakening consumer sentiment in the wake of the US trade tariffs as well as an upcoming petrol subsidy rationalisation exercise. With multiple new brands entering the market, Subaru operations were impacted as a result and recorded a 37% decrease in sales volume in the first half of 2025 compared to the same period in 2024. The Group will kickstart its CBU transition with the upcoming launch of the All-New Forester in the second half of 2025, and it remains optimistic about its performance in Malaysia for the second half of 2025.

In Thailand, the recovery in TIV has been impacted by high household debt despite the Thai Government's strong support for NEV vehicles via preferential tax incentives. Despite the challenges faced, the Group's Subaru operations recorded a growth of 100% in sales volume for the first half of 2025 compared to the same period in 2024. Similar to Malaysia, the Group is also embarking on its CBU transition in Thailand with the upcoming launch of the All-New Forester in the second half of 2025, and the Group is optimistic that its reliable and utilitarian value proposition makes it a credible competitor in the market.

In Vietnam, the government continues to stimulate the EV market with various incentive schemes. The Group's Subaru operations faced a slow start to 2025, resulting in a 40% drop in sales volume in the first half of 2025 compared to the same period in 2024. The Group is positive about the outlook for the second half as it finalises its CBU transition with the launch of the All-New Forester marking a complete line-up of CBU models.

In Cambodia, the TIV decreased by 20% in the first half of 2025 compared to the same period in 2024. The Group managed to increase Subaru market share despite recording zero growth for the corresponding period, which signifies an improvement in brand appeal from Subaru's commitment to safety and reliability. As the Group continues its CBU transition for Cambodia, it remains upbeat about its outlook for the second half of 2025.

## Management Review (continued)

### JAPAN

ZERO Group, the Group's vehicle transportation and logistics division, recorded an 8% increase in revenue to HK\$4.2 billion for the first half of 2025. Net profit after tax for the first half of 2025 increased by 36% from the corresponding period of last year. The revenue growth was mainly due to growth in the domestic automotive-related and human resource businesses, while the profit increase was mainly attributable to one-time compensation for losses from the fire at the Kawasaki Integrated Logistics Center, as well as higher profit from its used car export business.

Looking ahead, ZERO Group plans to continue strengthening the structure of its vehicle transportation business to further secure sales revenue. It will reconstruct its operational structure to achieve further efficiency, promote sales activities with a focus on gross profit, streamline its vehicle transportation business, and reduce costs. It will undertake these initiatives to maintain its profitability despite the expected cost increases associated with revising salary systems to address driver shortages, proactive system investments, and rising vehicle and maintenance costs.

### HIRE PURCHASE AND FINANCING BUSINESS

The Group provides commercial loans and acts as lessor, under hire purchase contracts and finance lease.

#### a) Hire purchase and finance lease

Hire purchase contracts and finance leases are mainly for motor vehicles, office automation and Information Technology ("IT") equipment, with operations in Singapore, China and Malaysia.

As of 30 June 2025, net receivables from hire purchase and finance lease amounted to HK\$2.7 billion or 45% of total loans and advances with 11%, 87% and 2% attributable to Singapore, China and Malaysia respectively and accounted for by 7,845 customers. These customers are made up of 96%, 3% and 1% of Small Medium Enterprises ("SME"), Sole proprietors/Limited partnerships and Non-profit or statutory related organisations respectively.

The ageing analysis of hire purchase and finance lease receivables is as follows: (i) balance with maturity of less than one year is HK\$1.21 billion; (ii) balance with maturity between one year and five years is HK\$1.44 billion; (iii) balance with maturity between five years and seven years is HK\$10.1 million.

#### b) Commercial loans

Commercial loans, which are only extended to 561 customers in Singapore, make up 55% of total loans and advances amounting to HK\$3.2 billion as of 30 June 2025. These customers are made up of 65% and 35% of SME and Accredited Investors respectively.

The 3 main types of commercial loans, namely secured commercial loans, ESG loans under the Enterprise Financing Scheme granted by Enterprise Singapore ("ESG") and unsecured loans make up 97%, 1% and 2% of total portfolio respectively.

The ageing analysis of commercial loan receivables is as follows: (i) balance with maturity of less than one year is HK\$2.1 billion; (ii) balance with maturity between one year and three years is HK\$1.1 billion.

### HIRE PURCHASE AND FINANCING BUSINESS (continued)

#### Major terms of loans granted

For the six-month period ended 30 June 2025, the hire purchase and lease period under the hire purchase and finance lease business range from 1 to 8 years with related interest charged at 2.48% p.a. to 12% p.a. respectively.

Commercial loans are offered over a tenure of 1 to 3 years, with interest rates ranging from 6% p.a. to 9% p.a. respectively.

#### Risk management policies

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group is exposed to credit risks if any of the following occurs:

- A. Change of business model during loan tenure;
- B. Sudden headwind specific to the industry, such as a lack of supply of materials and labour for construction firms;
- C. Poor management of cash flow during a difficult and uncertain business climate;
- D. Aggressive expansion plans leading to financial instability; and
- E. Failure in a greenfield investment.

The main ambits of its credit risk framework include: (A) Credit Approval and (B) Credit Monitoring (Existing Live Contracts).

#### (A) Credit Approval

Prior to onboarding a new customer, the Group performs screening checks such as Know Your Client, Anti-Money Laundering and Countering the Financing of Terrorism, before a Credit Proposal is submitted to the Credit Risk department for review.

The credit approval team for the Group, which is based at the headquarters in Singapore, adopts a holistic approach to assessing credit risk of the loan.

It considers a combination of quantitative and qualitative factors as provided in the table below. These factors are benchmarked against industry norms and reviewed by a competent team with over two decades of industry experience.



## Management Review (continued)

### HIRE PURCHASE AND FINANCING BUSINESS (continued)

#### Risk management policies (continued)

##### (A) Credit Approval (continued)

Quantitative Factors	Qualitative Factors
<ul style="list-style-type: none"><li>• Balance Sheet Evaluation</li><li>• Profit &amp; Loss Evaluation</li><li>• Financial Ratios Evaluation</li><li>• Cash Conversion Cycle Evaluation</li><li>• Bank Statement Evaluation</li><li>• New and Existing Projects Cash Flow</li><li>• Loan-to-value of collateral</li></ul>	<ul style="list-style-type: none"><li>• Business Model/ modus operandi</li><li>• Management team/Owners Profile and risk appetite</li><li>• Track records via its operating history</li><li>• Market positioning of borrower</li><li>• Major customers and suppliers</li><li>• The outlook of the industry or sector it is operating in</li></ul>

For its commercial loans business in particular, the Group obtains credit enhancements in the form of corporate guarantees/personal guarantees/vendor buyback guarantees and/or properties securities.

The Credit Risk Policy formalises limits for single obligor/group obligor and the industry which is reviewed monthly.

##### (B) Credit Monitoring (Existing Live Contracts)

The Group reviews its portfolio on a regular basis to ensure that it is serviced promptly, with no deterioration in asset quality.

The Credit Control Department is responsible for following up with customers on the following:

- A. Daily - each Credit Control officer has to perform at least 55 calls, which are logged into the system and reviewed by the supervisor in charge.
- B. Daily review of Direct Debit Authorisation rejections, when the Credit Control officer will call the customer to arrange for the next deduction.
- C. Monthly review of collection ratio reports and Aging meetings with senior management.
- D. Site visits where appropriate.
- E. Issuance of reminders, late payment interest letters and demand letters where required to repossess the property/ies.

#### Loan impairment policies and impairment assessments

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower;
- A breach of contract such as a default after credit terms are exceeded or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

### HIRE PURCHASE AND FINANCING BUSINESS (continued)

#### Loan impairment policies and impairment assessments (continued)

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Amount outstanding from loans and advances are assessed for impairment regularly by reviewing the non-performing amounts. Non-performing customers are identified, discussed, and followed up during the monthly ageing meetings. Management includes the non-performing amounts as part of the IFRS 9 provision requirements.

As at 30 June 2025, impairment loss allowance of HK\$50.4 million (31 December 2024: HK\$47.6 million) has been made for loans and advances and finance lease. Bad debt written off was less than 0.1% for the first 6 months of 2025.

### PROSPECTS

Looking ahead, the Group expects the global economic environment to remain complex, with persistent geopolitical tensions and market volatility continuing to shape business conditions. Against this backdrop, the Group enters the second half of 2025 from a position of resilience, having taken steps to strengthen cost controls, improve efficiency, and align operations with evolving market dynamics.

Regarding the potential separate listing of ETHOZ Group previously announced, the Group has decided to place this initiative on hold following a comprehensive market evaluation. This decision reflects the Group's disciplined approach to capital market strategy, prioritising timing and value creation over immediate execution. The Group remains confident in ETHOZ Group's strong fundamentals and long-term growth prospects and will revisit strategic options when conditions are more favourable.

Drawing upon decades of experience navigating economic cycles, the Group remains confident in its ability to adapt and deliver sustainable long-term performance while maintaining a disciplined approach to growth.

## Consolidated Statement of Profit or Loss

for the six months ended 30 June 2025 (Unaudited)

	Note	Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	6,507,897	6,589,126
Cost of sales		(5,280,452)	(5,287,082)
<b>Gross profit</b>		<b>1,227,445</b>	<b>1,302,044</b>
Other net income		73,772	75,861
Distribution costs		(463,273)	(544,373)
Administrative expenses		(494,616)	(507,388)
Other operating expenses		(13,560)	(83,433)
<b>Profit from operations</b>		<b>329,768</b>	<b>242,711</b>
Finance costs		(96,042)	(103,172)
Share of profits of an associate		544	594
<b>Profit before taxation</b>	4	<b>234,270</b>	<b>140,133</b>
Income tax expense	5	(126,557)	(112,115)
<b>Profit for the period</b>		<b>107,713</b>	<b>28,018</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		11,683	(35,904)
Non-controlling interests		96,030	63,922
<b>Profit for the period</b>		<b>107,713</b>	<b>28,018</b>
<b>Earnings/(loss) per share</b>	7		
Basic and diluted (cents)		0.58	(1.78)

The notes on pages 17 to 32 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 6.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2025 (Unaudited)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	107,713	28,018
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of net defined benefit retirement obligations	5,799	18,994
Equity investments designated at fair value through other comprehensive income - net movement in fair value reserves (non-recycling) during the period	(37,153)	261,887
	(31,354)	280,881
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of:		
- subsidiaries outside Hong Kong	716,249	(498,131)
- an associate outside Hong Kong	(159)	(925)
	716,090	(499,056)
<b>Other comprehensive income for the period</b>	684,736	(218,175)
<b>Total comprehensive income for the period</b>	792,449	(190,157)
<b>Attributable to:</b>		
Equity shareholders of the Company	589,615	(133,125)
Non-controlling interests	202,834	(57,032)
<b>Total comprehensive income for the period</b>	792,449	(190,157)

The notes on pages 17 to 32 form part of these financial statements.

# Consolidated Statement of Financial Position

at 30 June 2025 (Unaudited)

	Note	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties		4,873,640	4,505,162
Property, plant and equipment		5,816,293	5,509,974
Intangible assets		178,664	158,941
Goodwill		50,144	69,342
Interest in an associate		69,906	69,521
Investments designated as at fair value through other comprehensive income	8	1,614,844	1,648,105
Loans and advances	9	2,565,684	2,188,682
Receivables, deposits and prepayments		182,376	159,001
Deferred tax assets		95,938	92,096
		<u>15,447,489</u>	<u>14,400,824</u>
<b>Current assets</b>			
Inventories		1,860,154	2,192,689
Trade debtors	10	1,170,586	948,390
Loans and advances	9	3,309,421	3,132,532
Other debtors, deposits and prepayments		813,202	762,817
Amounts due from related companies		76	67
Cash and bank balances	11	2,457,789	2,242,933
		<u>9,611,228</u>	<u>9,279,428</u>
<b>Current liabilities</b>			
Unsecured bank overdrafts	11	272,443	352,832
Borrowings		5,755,356	4,825,116
Trade creditors	12	1,101,061	844,416
Other creditors and accruals		1,135,872	1,378,307
Amounts due to related companies		69	91
Lease liabilities		198,223	197,056
Current taxation		166,146	108,078
Provisions		7,072	7,970
		<u>8,636,242</u>	<u>7,713,866</u>
<b>Net current assets</b>		<u>974,986</u>	<u>1,565,562</u>
<b>Total assets less current liabilities</b>		<u>16,422,475</u>	<u>15,966,386</u>

The notes on pages 17 to 32 form part of these financial statements.

## Consolidated Statement of Financial Position (continued)

*at 30 June 2025 (Unaudited)*

	Note	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings		2,760,386	2,937,054
Lease liabilities		434,412	475,790
Defined benefit plan obligations		56,143	50,341
Deferred tax liabilities		287,628	281,276
Provisions		49,736	53,221
		<u>3,588,305</u>	<u>3,797,682</u>
<b>NET ASSETS</b>		<u>12,834,170</u>	<u>12,168,704</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	1,006,655	1,006,655
Reserves		<u>10,525,879</u>	<u>10,046,017</u>
<b>Total equity attributable to equity shareholders of the Company</b>		11,532,534	11,052,672
<b>Non-controlling interests</b>		<u>1,301,636</u>	<u>1,116,032</u>
<b>TOTAL EQUITY</b>		<u>12,834,170</u>	<u>12,168,704</u>

The notes on pages 17 to 32 form part of these financial statements.

## Consolidated Statement of Changes in Equity

for the six months ended 30 June 2025 (Unaudited)

	Attributable to equity shareholders of the Company						Attributable to equity shareholders of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Stock compensation reserve HK\$'000	Translation reserve HK\$'000	Contributed surplus HK\$'000	Fair value reserve (non-recycling) HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2024 (Audited)</b>	1,006,655	550,547	9,549	13,491	449,654	377,690	1,173,103	1,821	7,446,775	11,029,285	1,209,676	12,238,961
<b>Changes in equity for the six months ended 30 June 2024</b>												
Profit for the period	–	–	–	–	–	–	–	–	(35,904)	(35,904)	63,922	28,018
Other comprehensive income	–	–	–	–	(367,505)	–	260,179	–	10,105	(97,221)	(120,954)	(218,175)
Total comprehensive income for the period	–	–	–	–	(367,505)	–	260,179	–	(25,799)	(133,125)	(57,032)	(190,157)
Equity-settled share based transactions	–	–	–	689	–	–	–	–	–	689	605	1,294
Dividends declared and approved during the period	–	–	–	–	–	–	–	–	(90,599)	(90,599)	–	(90,599)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5,939)	(5,939)
<b>Balance at 30 June 2024 (Unaudited)</b>	1,006,655	550,547	9,549	14,180	82,149	377,690	1,433,282	1,821	7,330,377	10,806,250	1,147,310	11,953,560
<b>Balance at 1 January 2025 (Audited)</b>	1,006,655	550,547	9,549	14,964	51,122	377,690	1,143,109	1,821	7,897,215	11,052,672	1,116,032	12,168,704
<b>Changes in equity for the six months ended 30 June 2025</b>												
Profit for the period	–	–	–	–	–	–	–	–	11,683	11,683	96,030	107,713
Other comprehensive income	–	–	–	–	611,270	–	(36,380)	–	3,042	577,932	106,804	684,736
Total comprehensive income for the period	–	–	–	–	611,270	–	(36,380)	–	14,725	589,615	202,834	792,449
Equity-settled share based transactions	–	–	–	979	–	–	–	–	–	979	887	1,866
Dividends declared and approved during the period	–	–	–	–	–	–	–	–	(110,732)	(110,732)	–	(110,732)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(18,117)	(18,117)
<b>Balance at 30 June 2025 (Unaudited)</b>	1,006,655	550,547	9,549	15,943	662,392	377,690	1,106,729	1,821	7,801,208	11,532,534	1,301,636	12,834,170

The notes on pages 17 to 32 form part of these financial statements.

## Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2025 (Unaudited)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	437,778	368,668
Net cash used in investing activities	(163,035)	(147,458)
Net cash (used in) / generated from financing activities	(61,526)	28,681
Net increase in cash and cash equivalents	213,217	249,891
Cash and cash equivalents at 1 January	1,854,338	1,432,835
Effect of exchange differences	97,748	(38,188)
<b>Cash and cash equivalents at 30 June</b>	<b>2,165,303</b>	<b>1,644,538</b>

The notes on pages 17 to 32 form part of these financial statements.



## Notes to the Unaudited Consolidated Financial Statements

### 1 Basis of preparation

The unaudited consolidated interim financial statements have been prepared in accordance with the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

The unaudited consolidated interim financial statements have 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.

### 2 Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the International Accounting Standards Board (“IASB”) to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 3 Revenue and Segment Reporting

Revenue represents the sales value of goods sold, services provided to customers, rental income, interest income on loans and advances, management service fees, agency commission and handling fees and warranty income, net of goods and services taxes where applicable, is analysed as follows:

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
- Sale of goods	1,616,714	1,961,688
- Rendering of services	4,374,302	4,117,640
- Agency commission and handling fees	25,672	19,257
- Warranty income	1,620	1,079
<b>Revenue from other sources</b>		
- Gross rentals from investment properties that are fixed	67,399	62,230
- Interest income on loans and advances	237,987	229,025
- Rental income for motor vehicles held for leasing	184,203	198,207
	<u>6,507,897</u>	<u>6,589,126</u>

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 3 Revenue and Segment Reporting (continued)

#### (a) Disaggregation of revenue (continued)

	Revenue	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregated by geographical location of customers		
- Singapore	1,109,908	1,082,869
- PRC	187,228	280,248
- Thailand	225,597	162,074
- Japan	4,167,682	3,870,477
- Taiwan	336,782	472,820
- Others	480,700	720,638
	<u>6,507,897</u>	<u>6,589,126</u>

## 3 Revenue and Segment Reporting (continued)

## (b) Segment results

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as 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 ended 30 June 2025 and 2024 is set out below.

	Motor vehicle distribution and dealership business		Heavy commercial vehicle, industrial equipment distribution and dealership business		Property rentals and development		Transportation		Other operations		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Disaggregated by timing of revenue recognition												
Point in time	1,538,894	1,786,492	25,063	29,264	–	–	–	–	78,429	165,189	1,642,386	1,980,945
Over time	139,203	182,269	34,155	33,914	58,870	55,654	4,167,682	3,870,477	465,601	465,867	4,865,511	4,608,181
Revenue from external customers	1,678,097	1,968,761	59,218	63,178	58,870	55,654	4,167,682	3,870,477	544,030	631,056	6,507,897	6,589,126
EBITDA	(87,886)	(30,462)	5,331	1,041	86,326	43,932	416,402	340,343	253,461	228,639	673,634	583,493

## (c) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total segment EBITDA	673,634	583,493
Depreciation and amortisation	(356,653)	(354,693)
Interest income	12,787	13,911
Finance costs	(96,042)	(103,172)
Share of profits of an associate	544	594
<b>Consolidated profit before taxation</b>	<b>234,270</b>	<b>140,133</b>

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 4 Profit before taxation

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance costs	96,042	103,172
Depreciation		
- owned property, plant and equipment	198,774	202,003
- right-of-use assets	146,074	142,510
Amortisation of intangible assets	11,805	10,180
Dividend income	(38,373)	(29,597)
Gain on disposal of property, plant and equipment	(5,817)	(2,735)

### 5 Income tax expense

The analysis of income tax expense is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	784	318
Singapore	22,478	29,472
Others	103,295	82,325
	<u>126,557</u>	<u>112,115</u>

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16.5% (2024: 16.5%) and 31.52% (2024: 30.62%), in the tax jurisdictions in which the Group operates.

### 6 Dividends

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(i) Dividends attributable to the period:		
Interim dividend declared of HK\$0.02		
(2024: HK\$0.02) per ordinary share	<u>40,266</u>	<u>40,266</u>
The interim dividend has not been recognised as a liability as of the end of the reporting period.		
(ii) Dividends paid during the period:		
Final dividend approved in respect of prior year		
of HK\$0.055 (2024: HK\$0.045) per ordinary share	<u>110,732</u>	<u>90,599</u>

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 7 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2025 is based on the profit attributable to equity shareholders of the Company of HK\$11,683,000 (2024: loss attributable to equity shareholders of the Company of HK\$35,904,000) and the number of 2,013,309,000 ordinary shares (2024: 2,013,309,000) in issue during the period.

Diluted earnings/(loss) per share for the periods ended 30 June 2025 and 2024 is the same as the basic earnings/(loss) per share as there were no dilutive securities outstanding during the periods presented.

### 8 Investments designated as at fair value through other comprehensive income

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Listed equity securities outside Hong Kong	1,607,299	1,641,277
Unlisted equity securities	7,545	6,828
	<u>1,614,844</u>	<u>1,648,105</u>

The Group designated its investments in equity securities as at fair value through other comprehensive income under IFRS 9 as listed below. This designation was chosen as the investments are held for strategic purposes.

	Fair value		Dividend income recognised	
	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)	Six months ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Investments in Subaru Corporation (Note)	1,563,661	1,599,283	37,483	28,899
Others	51,183	48,822	890	698
	<u>1,614,844</u>	<u>1,648,105</u>	<u>38,373</u>	<u>29,597</u>

Note: Fair value loss of HK\$35,622,000 (2024: fair value gain of HK\$257,442,000) was recognised in other comprehensive income for the six months ended 30 June 2025.

Subaru Corporation is listed on the Tokyo Stock Exchange, it is mainly operating in two businesses, the Automotive business and the Aerospace business. In the area of Automotive, it is in the business of manufacture, repair and sales of passenger cars and their components. In the area of Aerospace, it is in the manufacture, repair and sales of airplanes, aerospace-related machinery and their components. The number of shares and percentage held of this investment are 11,408,000 shares and 1.5% of Subaru Corporation's issued shares respectively. The investment cost is JPY7.5 billion. This investment represents 6.2% of the Groups' total assets.

There were no transfers of any cumulative gain or loss within equity during the period.

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 9 Loans and advances

At 30 June 2025				
	Loan receivables HK\$'000 (Unaudited)	Finance lease receivables HK\$'000 (Unaudited)	Hire purchase debtors and instalments receivable HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Balance due				
- within one year	2,108,431	1,178,136	45,155	3,331,722
- between one and five years	1,122,008	1,390,270	71,312	2,583,590
- after more than five years	–	4,754	5,433	10,187
	3,230,439	2,573,160	121,900	5,925,499
Less: Loss allowance	(9,853)	(36,229)	(4,312)	(50,394)
	3,220,586	2,536,931	117,588	5,875,105
Balance due				
- within one year	2,102,253	1,162,456	44,712	3,309,421
- between one year and five years	1,118,333	1,369,797	67,445	2,555,575
- after more than five years	–	4,678	5,431	10,109
	3,220,586	2,536,931	117,588	5,875,105
At 31 December 2024				
	Loan receivables HK\$'000 (Audited)	Finance lease receivables HK\$'000 (Audited)	Hire purchase debtors and instalments receivable HK\$'000 (Audited)	Total HK\$'000 (Audited)
Balance due				
- within one year	2,072,992	1,034,993	54,485	3,162,470
- between one and five years	896,289	1,235,274	63,729	2,195,292
- after more than five years	–	5,402	5,683	11,085
	2,969,281	2,275,669	123,897	5,368,847
Less: Loss allowance	(12,970)	(30,588)	(4,075)	(47,633)
	2,956,311	2,245,081	119,822	5,321,214
Balance due				
- within one year	2,056,832	1,021,649	54,051	3,132,532
- between one year and five years	899,479	1,218,112	60,089	2,177,680
- after more than five years	–	5,320	5,682	11,002
	2,956,311	2,245,081	119,822	5,321,214

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 10 Trade debtors

As of the end of the reporting period, the ageing analysis of trade debtors, based on invoice date and net of loss allowances, is as follows:

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
0 - 30 days	984,713	741,504
31 - 90 days	172,728	189,297
Over 90 days	13,145	17,589
	<u>1,170,586</u>	<u>948,390</u>

The Group allows credit periods ranging from seven days to six months.

### 11 Cash and bank balances

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Bank deposits	547,166	683,462
Cash at bank	1,909,371	1,558,315
Cash in hand	1,252	1,156
Cash and bank balances in the consolidated statement of financial position	<u>2,457,789</u>	<u>2,242,933</u>
Less: Bank deposits with more than three months to maturity when placed	(20,043)	(35,763)
Unsecured bank overdrafts	<u>(272,443)</u>	<u>(352,832)</u>
<b>Cash and cash equivalents in the condensed consolidated cash flow statement</b>	<u><b>2,165,303</b></u>	<u><b>1,854,338</b></u>

### 12 Trade creditors

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
0 - 30 days	726,455	581,726
31 - 90 days	204,599	121,246
91 - 180 days	58,566	42,118
Over 180 days	111,441	99,326
	<u>1,101,061</u>	<u>844,416</u>



## Notes to the Unaudited Consolidated Financial Statements (continued)

### 13 Share capital

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
<b>Authorised:</b>		
3,000,000,000 ordinary shares of HK\$0.50 each	1,500,000	1,500,000
<b>Issued and fully paid:</b>		
2,013,309,000 ordinary shares of HK\$0.50 each, at the beginning and end of the period	1,006,655	1,006,655

### 14 Share based transactions

#### (a) *Share based transactions – 2015 Program*

The Group has a stock compensation program (the “2015 Program”) which was adopted on 26 November 2015. The 2015 Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 18 December 2015, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, performance and length of services; and to each of the entitled corporate auditors in view of their length of services only. Incidentally, the shares of the subsidiary shall be distributed to the entitled employees as a general rule when they leave their positions. Each point granted can be converted into one share of the subsidiary at distribution. No vesting condition is required after the points are granted.

The maximum number of points which may be awarded to selected participants under the 2015 Program shall not exceed 500,000. The trust fund shall not have a definite expiration date and continue as long as the 2015 Program exists. Maximum amount of money to be contributed by the subsidiary is JPY500,000,000 (equivalent to HK\$26,421,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

The first grant date is 26 November 2015, in the years after, point is granted to the eligible recipient annually on 1 July. However, if the eligible recipient retires during the fiscal year, the point will be granted on the date of retirement in proportion.

Up to 30 June 2025, a total of 475,520 points were granted to selected participants.

#### (i) *The terms and conditions of the grants are as follows:*

	Number of points
<b>Points granted to employees:</b>	
On 26 November 2015	71,420
On 1 July 2016	60,000
On 1 July 2017	57,500
On 1 July 2018	63,000
On 1 July 2019	81,200
On 1 July 2020	81,200
On 1 July 2021	49,200
On 1 July 2022	6,000
On 1 July 2023	3,000
On 1 July 2024	3,000

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 14 Share based transactions (continued)

#### (a) Share based transactions – 2015 Program (continued)

##### (ii) The movements of number of points granted are as follows:

	2025 Number of points	2024 Number of points
Outstanding at the beginning of the period	185,000	277,000
Exercised during the period	–	(95,000)
Granted during the period	–	3,000
Outstanding at the end of the period	185,000	185,000
Exercisable at the end of the period	185,000	185,000

##### (iii) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 July 2024	1 July 2023
<b>Fair value of points and assumptions</b>		
Fair value at measurement date	JPY1,636	JPY1,139
Share price	JPY1,854	JPY1,334
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	24.5%	27.8%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	3.0 years	4.0 years
Expected dividends	4.2%	4.0%
Risk-free interest rate (based on the yield of Japanese government bonds)	0.39%	-0.02%

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 14 Share based transactions (continued)

#### (a) *Share based transactions – 2015 Program (continued)*

##### (iii) *Fair value of points and assumptions (continued)*

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 July 2023 and 1 July 2024 were JPY1,334 (equivalent to HK\$74) and JPY1,854 (equivalent to HK\$92) per share respectively.

During the period ended 30 June 2025, the Group recognised a net expense of HK\$130,000 (2024: HK\$87,000) as equity settled share based payments in relation to the 2015 Program.

#### (b) *Share based transactions – 2022 Program*

The Group has a stock compensation program which was adopted on 1 October 2022 (the "2022 program"). The 2022 Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 12 December 2022, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, with restriction of transfer. Incidentally, the shares of the subsidiary shall be distributed to the entitled recipients as a general rule when they leave their positions. For directors, 75% of the points granted can be converted into shares (one point per one share) and 25% of the points can be converted into cash based on prevailing market rate. For employees other than directors, each point granted can be converted into one share of the subsidiary at distribution. Transfer of points is restricted until the eligible recipient is retired.

The maximum number of points which may be awarded to selected participants under the 2022 Program shall not exceed 252,000 (84,000 per each fiscal year). The trust fund shall not have a definite expiration date and continue as long as the 2022 Program exists. Maximum amount of money to be contributed by the subsidiary is JPY292,824,000 (equivalent to HK\$15,473,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

The first grant date is 1 October 2022, in the years after, point is granted to the eligible recipient annually on 1 October. However, if the eligible recipient retires within 6 months of the benefit date, no share will be granted, in otherwise, the points will be granted on the date of retirement in proportion if they retire later than 6 months of the benefit date.

Up to 30 June 2025, a total of 105,200 points for equity-settled portion and 25,300 points for cash-settled portion were granted to selected participants.

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 14 Share based transactions (continued)

#### (b) Share based transactions – 2022 Program (continued)

##### (i) The terms and conditions of the grants are as follows:

	Equity-settled portion	Cash-settled portion
	Number of points	Number of points
On 1 October 2022	35,000	8,500
On 1 October 2023	36,200	8,800
On 1 October 2024	34,000	8,000

##### (ii) The movements of number of points and cash granted are as follows:

	2025		2024	
	Equity-settled portion	Cash-settled portion	Equity-settled portion	Cash-settled portion
	Number of points	Number of points	Number of points	Number of points
Outstanding at the beginning of the period	–	19,300	–	17,300
Exercised during the period	–	–	(34,000)	(6,000)
Granted during the period	–	–	34,000	8,000
Outstanding at the end of the period	–	19,300	–	19,300
Exercisable at the end of the period	–	19,300	–	19,300

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 14 Share based transactions (continued)

#### (b) Share based transactions – 2022 Program (continued)

##### (iii) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 October 2024	1 October 2023
<b>Fair value of points and assumptions</b>		
Fair value at measurement date	JPY1,948	JPY1,312
Share price	JPY2,415	JPY1,539
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	27.4%	26.8%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	5.1 years	4.0 years
Expected dividends	4.2%	4.0%
Risk-free interest rate (based on the yield of Japanese government bonds)	0.49%	0.22%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 October 2023 and 1 October 2024 were JPY1,539 (equivalent to HK\$85) and JPY2,415 (equivalent to HK\$120) per share respectively.

During the period ended 30 June 2025, the Group recognised a net expense of HK\$1,736,000 (2024: HK\$1,207,000) for the equity-settled share based payment and HK\$683,000 (2024: HK\$693,000) was recorded for the cash-settled share based payments in relation to the 2022 Program.

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 15 Fair value measurement of financial instruments

#### (i) Financial instruments carried 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 IFRS 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

	Fair value measurement as at 30 June 2025 categorised into				Fair value measurement as at 31 December 2024 categorised into			
	Fair value at 30 June 2025 (Unaudited)			Level 3 (Audited)	Fair value at 31 December 2024 (Audited)			Level 3
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>The Group</b>								
<i>Recurring fair value measurements</i>								
<b>Assets</b>								
Equity securities designated as at fair value through other comprehensive income								
- Listed outside Hong Kong	1,607,299	1,607,299	—	—	1,641,277	1,641,277	—	—
- Unlisted	7,545	—	—	7,545	6,828	—	—	6,828
	<u>1,614,844</u>	<u>1,607,299</u>	<u>—</u>	<u>7,545</u>	<u>1,648,105</u>	<u>1,641,277</u>	<u>—</u>	<u>6,828</u>

During the six months ended 30 June 2025, there was no transfer among Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### (ii) Fair values of financial instruments carried at other than fair value

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

## Notes to the Unaudited Consolidated Financial Statements (continued)

### 15 Fair value measurement of financial instruments (continued)

#### (iii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined by adjusted net asset value approach. The fair value measurement is positively correlated to the share of net assets of the unlisted equity securities.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	HK\$'000
<b>Unlisted equity securities:</b>	
At 1 January 2024 (audited)	1,197
Additions during the year	5,956
Exchange adjustments	(325)
At 31 December 2024 and 1 January 2025 (audited)	<u>6,828</u>
Addition during the period	57
Exchange adjustments	660
At 30 June 2025 (unaudited)	<u><u>7,545</u></u>

### 16 Capital commitments

Capital commitments outstanding at 30 June 2025 not provided for in the financial statements were as follows:

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Authorised and contracted for	<u>12,837</u>	<u>28,543</u>

### 17 Connected transactions

The following is a summary of significant transactions carried out in the normal course of business between the Group and its related companies during the period:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Sale of goods and services to related companies	445	503
Purchase of goods and services from related companies	<u>11,219</u>	<u>6,626</u>

All the sales and purchases and services rendered were on normal commercial terms.

### Interim Dividend

The Board is pleased to declare an interim dividend of HK\$0.02 (2024: HK\$0.02) per ordinary share on the shares in issue amounting to a total of HK\$40,266,000 (2024: HK\$40,266,000), which will be payable on 24 September 2025 to shareholders of the Company whose names appear on the register of members of the Company on 12 September 2025. Dividend warrants will be sent to shareholders of the Company on 24 September 2025.

### Closure of Register of Members

The register of members of the Company will be closed from 11 September 2025 to 12 September 2025, both days inclusive. During this period, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 10 September 2025.

### Directors' Interests and Short Positions in Shares

The directors of the Company ("Directors") who held office as at 30 June 2025 had the following interests in the issued share capital of the Company at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

	Ordinary shares of HK\$0.50 each					Percentage of total issued shares	
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Joint interests			Total number of shares held
				(Note 3)	(Note 4)		
Executive Directors:							
Tan Eng Soon	183,903,000	—	348,544,700	54,489,972	—	586,937,672	29.15%
Tan Kheng Leong	2,205,000	210,000	—	—	—	2,415,000	0.12%
Sng Chiew Huat	900,000	—	—	—	—	900,000	0.04%
Glenn Tan Chun Hong	99,000	—	—	—	—	99,000	0.0049%
Gillian Tan Tsui Lyn	—	—	—	—	4,490,000	4,490,000	0.22%
Lee Chow Yoke	15,000	36,000	—	—	—	51,000	0.0025%
Independent Non-executive Director:							
Teo Ek Kee	—	300,000	—	—	—	300,000	0.01%



## Other Information (continued)

### Directors' Interests and Short Positions in Shares (continued)

Notes:

- (1) These shares are beneficially owned by the spouses of Tan Kheng Leong, Lee Chow Yoke and Teo Ek Kee, respectively, and hence they are deemed to be interested in these shares respectively.
- (2) These shares are beneficially owned by corporations controlled by Tan Eng Soon.
- (3) These shares are owned by Tan Eng Soon jointly with another persons.
- (4) These shares are held by Tan Eng Soon jointly with Gillian Tan Tsui Lyn.

Save as disclosed above, none of the Directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, had any beneficial or non-beneficial interests or short positions in shares of the Company or any of its subsidiaries or associates (within the meaning of the SFO) as at 30 June 2025, and there was no right granted to or exercised by any Directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, during the period to subscribe for shares, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix C3 of the Listing Rules of the Stock Exchange.

At no time during the period was the Company, any of its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Substantial Interests in the Share Capital of the Company

The Company has been notified of the following interests (other than a Director) in the Company's issued shares as at 30 June 2025 amounting to 5% or more of the ordinary shares in issue:

Name	Long/short positions	Note	Ordinary shares held	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	Long	(1)	705,819,720	35.05%
Promenade Group Limited	Long	(2)	212,067,000	10.53%
Time Strategy Group Limited	Long	(3)	104,497,700	5.19%
Tan Heng Chew	Long	(4)	100,692,856	5.00%
Khor Swee Wah	Long	(4)	100,692,856	5.00%
Wang Shu Erh	Long	(4)	100,692,856	5.00%

**Substantial Interests in the Share Capital of the Company (continued)**

Notes:

- (1) The share capital of Tan Chong Consolidated Sdn. Bhd. is held by Tan Eng Soon as to approximately 22.85% and Tan Kheng Leong as to approximately 15.38%. The remaining shareholding is held by certain members of the Tan family who are not Directors.
- (2) Tan Eng Soon is the controlling shareholder of Promenade Group Limited.
- (3) Tan Eng Soon is the controlling shareholder of Time Strategy Group Limited.
- (4) Based on the disclosure of interests filed, Tan Heng Chew has personal, corporate and family interests of 50,981,686 shares, 37,848,000 and 11,863,170 shares respectively, making a total interests of 100,692,856 shares. Khor Swee Wah and Wang Shu Erh, being spouses of Tan Heng Chew, are deemed to be interested in all the shares held by Tan Heng Chew.

Save as disclosed above, no persons, other than a Director whose interests are set out above, had registered interests in the share capital of the Company that was required to be recorded in the register under section 336 of the SFO.

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

There were no purchase, sale or redemption of the Company's shares (including sales of treasury shares (the "Treasury Shares") within the meaning under the Listing Rules) by the Company or any of its subsidiaries during the period. As at 30 June 2025, the Company did not hold any Treasury Shares.

**Audit Committee**

The Audit Committee has reviewed with management the unaudited consolidated interim financial statements of the Group for the period ended 30 June 2025.

**Directors' Securities Transactions**

Pursuant to the Model Code requirements as set out in Appendix C3 of the Listing Rules of the Stock Exchange, all Directors confirmed that they have complied with the required standard and its code of conduct regarding directors' securities transactions for the accounting period under review.

## Other Information (continued)

### Corporate Governance Code

No Director is aware of any information which would reasonably indicate that the Company is not, or was not, at any time during the six months ended 30 June 2025, acting in compliance with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules of the Stock Exchange. The non-executive Director and independent non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws. The Chairman had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive Directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

By Order of the Board

**Sng Chiew Huat**

Finance Director

Hong Kong, 27 August 2025

Website: <http://www.tanchong.com>

*As at the date of this report, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat, Ms. Gillian Tan Tsui Lyn and Mr. Lee Chow Yoke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun.*