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AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 984)

**INSIDE INFORMATION
DECREASE IN LOSS**

This announcement is made by AEON Stores (Hong Kong) Co., Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Future Ordinance (Cap.571, Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited management accounts of the Group for the six months ended 30 June 2020 and the information available for the time being, the Group recorded a loss attributable to shareholders of approximately HK\$80 million as compared with the loss attributable to shareholders of HK\$149 million in the corresponding period in 2019.

The Board considers that the decrease in loss of approximately HK\$69 million was mainly due to the following factors:

- i. the sales growth of Supermarket business and Living PLAZA by AEON specialty business of the Group exceeded expectations as a result of improving merchandise mix, providing a more convenient shopping experience and boosting marketing campaigns to stimulate customer purchase, which providing the growth momentum for the Group;
- ii. the Group has gradually introduced the sought-after private household brand “HÓME CÓORDY” and comfortable inner and casual wear brand “iC innercasual” to its branch stores, which increased the sales ratio of private brand and eventually improved the overall gross profit;
- iii. under the epidemic of COVID-19, especially at the beginning of the calendar year, the Group successfully purchased the daily necessities from Japan, China, Southeast Asia and other places in the world through the strong procurement channels of AEON Group, so as to ensure the stable supply to customers and facilitate the improvement of business performance of the Group for the six months ended 30 June 2020; and
- iv. the performance of the Group's PRC business was improved, the store mix was optimized, the performance of newly opened stores was satisfactory and online sales increased.

The Company is still in the process of preparing and finalising the Group's results for the six months ended 30 June 2020. The information contained in this announcement is only based on a preliminary assessment of the unaudited management accounts of the Group and the information available for the time being. Such information has not been audited or reviewed by the auditors of the Company and may be subject to change. The unaudited results of the Group for the six months ended 30 June 2020 are expected to be announced by the Company by end of August 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 July 2020

As at the date of this announcement, the Executive Directors are Mr. Isei Nakagawa, Mr. Chak Kam Yuen, Mr. Lau Chi Sum Sam, Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Ms. Yuki Habu and Mr. Akinori Yamashita; and the Independent Non-executive Directors are Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty, Mr. Chow Chi Tong and Mr. Hideto Mizuno.