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PROFIT WARNING

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, during the first half of 2019, the implementation of a new accounting standard had a major impact on the Group’s financial performance.

The Group began to adopt Hong Kong Financial Reporting Standard 16 *Leases* (“**HKFRS 16**”) which became effective for financial periods beginning on or after from 1 January 2019 and superseded Hong Kong Accounting Standard 17 *Leases* (“**HKAS 17**”). After the application of HKFRS 16, the amount of expenses relating to the leases entered into by the Group as recognised in the Group’s income statement becomes higher than the amount that would be recognised under the superseded HKAS 17. In addition, the weaker economies in Hong Kong and in the PRC affected consumption and retail sentiment in these places which resulted in the Group’s revenue being lower than last year.

As a result, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available, the Group is expected to record a significant increase in loss for the six months ended 30 June 2019 as compared to the corresponding period last year.

Although the Group’s revenue for the six months ended 30 June 2019 is lower than last year, there was a less percentage drop of revenue in the latter part of the first half period than in early 2019. The Board will closely monitor the changes in business environment during the second half of 2019, and will analyse current issues and endeavour to make appropriate adjustments for improvements.

The Company is still in the process of preparing and finalising the Group’s unaudited interim results for the six months ended 30 June 2019. 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 interim results of the Group for the six months ended 30 June 2019 are expected to be announced by the Company in August 2019.

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
Isei NAKAGAWA
Managing Director

Hong Kong, 16 July 2019

As at the date of this announcement, the Executive Directors are Mr. Isei Nakagawa, Mr. Masamitsu Ikuta, Mr. Chak Kam Yuen, Mr. Lau Chi Sum Sam and Mr. Keiji Tsukahara; 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.