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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 2023 and the information available for the time being, the Group recorded a loss attributable to shareholders of approximately HK\$80 million to HK\$100 million as compared with the loss attributable to shareholders of HK\$145 million in the corresponding period in 2022.

The Board considers that the decrease in loss was mainly due to the following factors:

- i. the significant improvement of the Group’s mainland China business performance due to the gradual recovery of economic activities in the mainland China and the closure of underperforming stores to optimize the resource allocation;
- ii. the improvement of the gross profit margin of its Hong Kong business as it continued to increase the sales share of its private brand (such as TOPVALU & HÓME CÓORDY) and direct import merchandise with the depreciation of Japanese yen;
- iii. the total amount of impairment losses recognised in respect of right-of-use assets and property, plant and equipment in the period was less than the total amount of impairment losses recognised in the corresponding period in 2022 of approximately HKD36 million; and
- iv. the Group recorded an exchange gain in the review period as compared with an exchange loss of approximately HKD11.9 million in the corresponding period in 2022.

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 2023 are expected to be announced by the Company by end of August 2023.

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
Chairman

Hong Kong, 3 August 2023

As at the date of this announcement, the Executive Directors are Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Isei Nakagawa, Mr. Makoto Fukuda, Mr. Toshiya Goto and Mr. Hiroyuki Inohara; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting.