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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, based on the preliminary assessment by the Group’s management of the latest information currently available to the Group, the Group is expected to record a net loss for the six months ending 30 June 2016 as compared to the profit for the corresponding period last year.

Based on information currently available, such expected change from a profit to a loss is mainly attributable to (i) the further slowdown of the economy in Hong Kong and China and consequential negative impact on consumer sentiment; and (ii) the renovation of the Group’s Kornhill and Whampoa general merchandise stores which has commenced since early March 2016 and mid-May 2016 respectively. As mentioned in the Company’s 2015 annual report, the Group plans to transform both of its Kornhill and Whampoa general merchandise stores into new “AEON Style Stores”, featuring a fresh store layout, enhanced merchandise mix and a more stylish and comfortable shopping environment which would bring a brand new shopping experience to its customers. The Company expects the Kornhill store transformation to be completed by early July 2016 and the Whampoa store transformation to be completed by September 2016. However during the renovation period, both stores have been partially closed, resulting in a negative impact on their respective business operations and hence financial performance of the Group.

The information contained in this announcement is only based on a preliminary assessment by the Group’s management of the information available for the time being, but not on any data or information which has been audited or reviewed by the auditors of the Company. The unaudited results of the Group for the six months ended 30 June 2016 are expected to be announced by the Company in mid-August 2016.

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
CHAN Pui Man, Christine
Managing Director

Hong Kong, 27 May 2016

As at the date of this announcement, the Executive Directors are Ms. Chan Pui Man, Christine, Mr. Yoshiaki Mizushima, Mr. Hideaki Yajima and Mr. Chak Kam Yuen; the Non-executive Directors are Ms. Yuki Habu and Mr. Shinya Wako; and the Independent Non-executive Directors are Ms. Cheng Yin Ching, Anna, Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty and Mr. Chow Chi Tong.