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AEON Credit 1H2021 Net Profit Up by 13.1% to HK\$172.3 Million Through Successful Marketing Efforts and Quality Asset Portfolio Continuous Upgrade of Technologies and Analytical Capabilities to Drive Business Growth

AEON Credit Service (Asia) Company Limited (“AEON Credit” or the “Group”; Stock Code: 00900) announced today its interim results for the six months ended 31 August 2021 (“1H2021”).

Although the market remained generally uncertain in 1H2021, with the Group resuming marketing activities for AEON credit cards whilst increasing the frequency and scale of mass promotions, overall sales increased by 22.4% year-on-year. However, the increase in sales mainly resulted in progressive growth of receivable balances in the second quarter, leading to lower monthly revolving credit card balances and personal loan balances in the first half. As a result, revenue was down by 10.9% year-on-year to HK\$511.6 million. Nonetheless, with relentless effort to refine credit assessment, the Group now has a better quality portfolio. Furthermore, with expectation of an improving economy and lower unemployment rate, and thanks to the Group’s effective collection efforts to reduce overdue advances and receivables, impairment losses and impairment allowances decreased markedly. Consequently, the Group’s profit after tax increased by 13.1% to HK\$172.3 million, with earnings per share up by 13.1% to 41.15 HK cents.

In view of the sound fundamentals of the Group and to share the fruitful results with shareholders, the Board has resolved to declare an interim dividend of 22.0 HK cents per share, representing a dividend pay-out ratio of 53.5%, which was in line with the Group’s policy of paying no less than 30% of its net profit as dividends each year.

In the months ahead, the government’s consumption voucher scheme will continue to stimulate consumer spending. Moreover, unemployment rate in Hong Kong is expected to remain stable, which will present opportunities for the Group to continue business expansion in the second half year.

The Group will primarily focus on driving sales and receivables growth, while also containing any deterioration of asset quality as far as possible. The Group will step up using data analytics to strengthen marketing and credit control activities. On marketing, the Group will increase mass promotion activities for both its credit card and personal loan business so as to capture any possible surge in consumer spending. Moreover, it will fortify its mobile application and net-member functions and also marketing initiatives to enhance the convenience and benefits to users of its online services.

With financial technology developing fast, the Group will continue to commit significant resources in digitalization to enhance operational efficiency and its ability to respond quickly to market changes. Apart from the issuing phase of new card and loan system project, and the revamping of its mobile application and net-member systems, the Group will also commence enhancing its



data warehouse in the second half year so as to strengthen future campaign management capabilities.

In Mainland China, focusing on business expansion in selected merchant sectors and effective credit assessment, the Group's microfinance subsidiary in Shenzhen achieved monthly profit status in the second quarter. The subsidiary will focus on growing receivables on the back of sound asset quality and thereby reap profit throughout the year. The Group will allocate more resources to upgrade the information technology infrastructure of the Shenzhen operation and continue to fine-tune the operation model there, when necessary, to the ultimate end of creating greater value for shareholders.

Mr. Tomoharu Fukayama, Managing Director of AEON Credit, said, "With our continuous efforts to upgrade relevant technologies and with analytical capabilities, and together with a strong liquidity position and balance sheet, the Group should be adequately resilient and able to respond to challenges in the second half year and move forward in confident strides to capture new business opportunities, grow our business and stay ahead in the competitive business environment."

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About AEON Credit Service (Asia) Company Limited (Stock Code: 00900)

AEON Credit Service (Asia) Company Limited, a subsidiary of AEON Financial Service Co., Ltd. (TSE: 8570) and a member of the AEON Group, was set up in 1987 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1995. The Group is principally engaged in the consumer finance business, which includes the issuance of credit cards and the provision of personal loan financing, card payment processing services, insurance agency and brokerage business in Hong Kong and microfinance business in Mainland China.