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**AEON CREDIT SERVICE (ASIA) COMPANY LIMITED**  
**AEON 信貸財務（亞洲）有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 900)**

**UNAUDITED RESULTS**  
**FOR THE THREE MONTHS ENDED 31ST MAY 2019**

The board (the “Board”) of directors (the “Directors”) of AEON Credit Service (Asia) Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st May 2019, together with comparative figures of the previous period as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the three months ended 31st May 2019*

	<i>Notes</i>	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	<b>1.3.2018 to 31.5.2018 (Unaudited) HK\$'000</b>
Revenue	3	<b>324,853</b>	325,828
Interest income		<b>283,956</b>	285,020
Interest expense	4	<b>(19,380)</b>	(21,463)
Net interest income		<b>264,576</b>	263,557
Fees and commissions		<b>21,368</b>	20,995
Handling and late charges		<b>19,529</b>	19,813
Other income		<b>3,232</b>	3,079
Other gains and losses	5	<b>(76)</b>	(184)
Operating income		<b>308,629</b>	307,260
Operating expenses	6	<b>(138,630)</b>	(136,140)
Operating profit before impairment losses and impairment allowances		<b>169,999</b>	171,120
Impairment losses and impairment allowances		<b>(53,968)</b>	(43,696)
Recoveries of advances and receivables written-off		<b>12,581</b>	12,966
Share of results of an associate		<b>230</b>	437
Profit before tax		<b>128,842</b>	140,827
Income tax expense		<b>(22,050)</b>	(21,649)
Profit for the period		<b>106,792</b>	119,178
Profit for the period attributable to: Owners of the Company		<b>106,792</b>	119,178
Earnings per share – Basic		<b>25.50 HK cents</b>	28.46 HK cents

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 31st May 2019*

	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	1.3.2018 to 31.5.2018 (Unaudited) HK\$'000
Profit for the period	<u><b>106,792</b></u>	<u>119,178</u>
<b>Other comprehensive (expense) income</b>		
Item that will not be reclassified to profit or loss:		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	(213)	337
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	(8,974)	(3,663)
Net adjustment on cash flow hedges	<u>4,291</u>	<u>16,971</u>
Other comprehensive (expense) income for the period	<u><b>(4,896)</b></u>	<u>13,645</u>
Total comprehensive income for the period	<u><b>101,896</b></u>	<u>132,823</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u><b>101,896</b></u>	<u>132,823</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st May 2019

	<i>Notes</i>	<b>31.5.2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	28.2.2019 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		144,330	70,365
Investment in an associate		15,099	15,449
Equity investments at fair value through other comprehensive income		118,488	118,701
Advances and receivables	7	846,425	862,105
Prepayments, deposits and other debtors		70,025	60,040
Derivative financial instruments	12	10,922	15,469
Deferred tax assets		15,949	16,698
Restricted deposits		38,000	38,000
		<b>1,259,238</b>	1,196,827
<b>Current assets</b>			
Advances and receivables	7	3,983,603	4,021,782
Prepayments, deposits and other debtors		50,170	47,456
Amounts due from fellow subsidiaries		147	160
Amount due from immediate holding company		251	283
Amount due from an associate		38	39
Derivative financial instruments		299	17
Restricted deposits		248,163	381,466
Time deposits		162,828	152,536
Fiduciary bank balances		477	35
Bank balances and cash		393,850	380,083
		<b>4,839,826</b>	4,983,857
<b>Current liabilities</b>			
Creditors and accruals		236,441	255,943
Contract liabilities		11,573	9,486
Amounts due to fellow subsidiaries		32,533	42,920
Amount due to intermediate holding company		1,492	–
Amount due to ultimate holding company		36	28
Amount due to an associate		1,520	2,027
Bank borrowings	10	190,000	325,000
Collateralised debt obligation	11	931,900	701,600
Lease liabilities		49,760	–
Derivative financial instruments	12	3,567	11,069
Tax liabilities		35,407	33,515
		<b>1,494,229</b>	1,381,588
<b>Net current assets</b>		<b>3,345,597</b>	3,602,269
<b>Total assets less current liabilities</b>		<b>4,604,835</b>	4,799,096

		<b>31.5.2019</b>	28.2.2019
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Capital and reserves</b>			
Share capital		<b>269,477</b>	269,477
Reserves		<b>3,023,066</b>	2,921,170
		<hr/>	<hr/>
<b>Total equity</b>		<b>3,292,543</b>	3,190,647
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Bank borrowings	<i>10</i>	<b>961,005</b>	1,056,483
Collateralised debt obligation	<i>11</i>	<b>318,100</b>	548,400
Lease liabilities		<b>29,686</b>	–
Derivative financial instruments	<i>12</i>	<b>3,425</b>	3,566
Deferred tax liabilities		<b>76</b>	–
		<hr/>	<hr/>
		<b>1,312,292</b>	1,608,449
		<hr/>	<hr/>
		<b>4,604,835</b>	4,799,096
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 31st May 2019*

	Share capital <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Hedging reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st March 2018 (Audited)	269,477	–	(19,529)	2,296	2,752,797	3,005,041
Transitional adjustments on the initial application of HKFRS 9	–	63,175	–	–	(160,716)	(97,541)
Adjusted at 1st March 2018	<u>269,477</u>	<u>63,175</u>	<u>(19,529)</u>	<u>2,296</u>	<u>2,592,081</u>	<u>2,907,500</u>
Profit for the period	–	–	–	–	119,178	119,178
Fair value gain on equity instruments at fair value through other comprehensive income	–	337	–	–	–	337
Exchange difference arising from translation of foreign operations	–	–	–	(3,663)	–	(3,663)
Net adjustment on cash flow hedges	–	–	16,971	–	–	16,971
Total comprehensive income (expense) for the period	<u>–</u>	<u>337</u>	<u>16,971</u>	<u>(3,663)</u>	<u>119,178</u>	<u>132,823</u>
At 31st May 2018 (Unaudited)	<u>269,477</u>	<u>63,512</u>	<u>(2,558)</u>	<u>(1,367)</u>	<u>2,711,259</u>	<u>3,040,323</u>
<b>At 1st March 2019 (Audited)</b>	<u><b>269,477</b></u>	<u><b>93,042</b></u>	<u><b>(3,738)</b></u>	<u><b>(13,213)</b></u>	<u><b>2,845,079</b></u>	<u><b>3,190,647</b></u>
Profit for the period	–	–	–	–	106,792	106,792
Fair value loss on equity instruments at fair value through other comprehensive income	–	(213)	–	–	–	(213)
Exchange difference arising from translation of foreign operations	–	–	–	(8,974)	–	(8,974)
Net adjustment on cash flow hedges	–	–	4,291	–	–	4,291
Total comprehensive income (expense) for the period	<u>–</u>	<u>(213)</u>	<u>4,291</u>	<u>(8,974)</u>	<u>106,792</u>	<u>101,896</u>
At 31st May 2019 (Unaudited)	<u><b>269,477</b></u>	<u><b>92,829</b></u>	<u><b>553</b></u>	<u><b>(22,187)</b></u>	<u><b>2,951,871</b></u>	<u><b>3,292,543</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31st May 2019

	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	1.3.2018 to 31.5.2018 (Unaudited) HK\$'000
Net cash from operating activities	<u>130,530</u>	<u>196,341</u>
Net cash used in investing activities	<u>(9,995)</u>	<u>(13,999)</u>
Net cash used in financing activities	<u>(96,987)</u>	<u>(286,713)</u>
Net increase (decrease) in cash and cash equivalents	<b>23,548</b>	(104,371)
Effect of changes in exchange rate	<b>(4,927)</b>	(543)
Cash and cash equivalents at beginning of the period	<u>478,556</u>	<u>721,762</u>
Cash and cash equivalents at end of the period	<u><b>497,177</b></u>	<u><b>616,848</b></u>
Being:		
Time deposits with maturity of three months or less	<b>103,327</b>	78,368
Bank balances and cash	<u><b>393,850</b></u>	<u>538,480</u>
	<u><b>497,177</b></u>	<u><b>616,848</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st May 2019

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial information relating to the year ended 28th February 2019 that is included in the unaudited results for the three months ended 31st May 2019 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements is as follows:

The Company will deliver the financial statements for the year ended 28th February 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### (a) Adoption of Hong Kong Financial Reporting Standard (“HKFRS”) 16 Leases

The Group has applied HKFRS 16 initially on 1st March 2019. As permitted by HKFRS 16, the Group has elected not to restate comparative figures. Any adjustments to the carrying amounts of assets and liabilities at the date of transition are recognised in the opening balance in the condensed consolidated statement of financial position at 1st March 2019.

Key requirements of HKFRS 16 which are relevant to the Group are disclosed under note 2 Application of New and Amendments to HKFRSs in the Group’s annual financial statements for the year ended 28th February 2019. The impact of the initial application of HKFRS 16 is presented below:

#### *Classification and measurement*

All non-cancellable operating leases entered by the Group are recorded as right-of-use assets with corresponding liabilities recognized, except for short-term leases and leases for low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected the practical expedient to contracts that were previously identified as leases and has not applied this standard to contracts that were previously identified as containing a lease. As a result, the Group has not reassessed whether the contracts were, or contained a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee, with the lease liabilities being calculated at the present value of the lease payments that were not paid at 1st March 2019, and the cost of corresponding right-of-use assets being set equal to the value of lease liabilities as at that date. There is no cumulative effect of initial application to be adjusted in the opening accumulated profits and there is no restatement of comparative information.

The application of HKFRS 16 has resulted in the recording of right-of-use assets under property, plant and equipment, and lease liabilities, that are subject to depreciation and interest expense respectively.

### 3. REVENUE

	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	1.3.2018 to 31.5.2018 (Unaudited) HK\$'000
Interest income (under HKFRS 9)	<b>283,956</b>	285,020
Fees and commissions		
– Credit Card	<b>17,521</b>	16,376
– Insurance	<b>3,847</b>	4,619
Handling and late charges	<b>19,529</b>	19,813
	<b><u>324,853</u></b>	<u>325,828</u>

### 4. INTEREST EXPENSE

Interest on lease liabilities of **HK\$658,000** (1.3.2018 to 31.5.2018: HK\$ Nil) is included in interest expense upon application of HKFRS 16 since 1st March 2019.

### 5. OTHER GAINS AND LOSSES

	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	1.3.2018 to 31.5.2018 (Unaudited) HK\$'000
Exchange (loss) gain		
Exchange (loss) gain on hedging instruments released from cash flow hedge reserve	<b>75</b>	(950)
Exchange (loss) gain on a bank loan	<b>(75)</b>	950
Other exchange losses, net	<b>(43)</b>	(30)
Hedge ineffectiveness on cash flow hedges	<b>(33)</b>	(33)
Losses on disposal of property, plant and equipment	<b>–</b>	(121)
	<b><u>(76)</u></b>	<u>(184)</u>



## 6. OPERATING EXPENSES

	<b>1.3.2019 to 31.5.2019 (Unaudited) HK\$'000</b>	1.3.2018 to 31.5.2018 (Unaudited) HK\$'000
Depreciation	21,141	10,172
General administrative expenses	41,586	40,710
Marketing and promotion expenses	16,009	11,752
Minimum operating lease rentals in respect of rented premises, advertising space and equipment	5,772	18,750
Other operating expenses	15,349	13,806
Staff costs including Directors' emoluments	38,773	40,950
	<u>138,630</u>	<u>136,140</u>

Depreciation on right-of-use assets of HK\$12,731,000 (1.3.2018 to 31.5.2018: HK\$ Nil) is included in depreciation upon application of HKFRS 16 since 1st March 2019.

## 7. ADVANCES AND RECEIVABLES

	<b>31.5.2019 (Unaudited) HK\$'000</b>	28.2.2019 (Audited) HK\$'000
Credit card receivables	3,823,317	3,842,292
Personal loan receivables	1,159,131	1,197,248
	<u>4,982,448</u>	<u>5,039,540</u>
Accrued interest and other receivables	85,225	87,840
	<u>5,067,673</u>	<u>5,127,380</u>
Gross advances and receivables	5,067,673	5,127,380
Impairment allowances ( <i>note 8</i> )	(237,645)	(243,493)
	<u>4,830,028</u>	<u>4,883,887</u>
Current portion included under current assets	(3,983,603)	(4,021,782)
	<u>846,425</u>	<u>862,105</u>

## 8. IMPAIRMENT ALLOWANCES

	<b>31.5.2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	28.2.2019 (Audited) HK\$'000		
Analysis by products as:				
Credit card receivables	<b>130,425</b>	127,790		
Personal loan receivables	<b>102,011</b>	110,058		
Accrued interest and other receivables	<b>5,209</b>	5,645		
	<u><b>237,645</b></u>	<u>243,493</u>		
	<b>Stage 1</b> <b>HK\$'000</b>	<b>Stage 2</b> <b>HK\$'000</b>	<b>Stage 3</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
At 1st March 2019	<b>107,811</b>	<b>48,575</b>	<b>87,107</b>	<b>243,493</b>
Impairment losses and impairment allowances	<b>5,344</b>	<b>(12,203)</b>	<b>60,827</b>	<b>53,968</b>
Amounts written-off as uncollectable	–	–	<b>(59,372)</b>	<b>(59,372)</b>
Exchange realignment	<b>(426)</b>	<b>(11)</b>	<b>(7)</b>	<b>(444)</b>
At 31st May 2019	<u><b>112,729</b></u>	<u><b>36,361</b></u>	<u><b>88,555</b></u>	<u><b>237,645</b></u>
	<b>Stage 1</b> <b>HK\$'000</b>	<b>Stage 2</b> <b>HK\$'000</b>	<b>Stage 3</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
At 1st March 2018	115,555	51,856	110,623	278,034
Impairment losses and impairment allowances	(3,092)	(8,213)	55,001	43,696
Amounts written-off as uncollectable	–	–	(59,258)	(59,258)
Exchange realignment	<b>(170)</b>	<b>(4)</b>	<b>(2)</b>	<b>(176)</b>
At 31st May 2018	<u><b>112,293</b></u>	<u><b>43,639</b></u>	<u><b>106,364</b></u>	<u><b>262,296</b></u>

## 9. OVERDUE ADVANCES AND RECEIVABLES

Set out below is an analysis of the gross balance of advances and receivables (excluding impairment allowances) which is overdue for more than 1 month:

	31.5.2019 (Unaudited)		28.2.2019 (Audited)	
	HK\$'000	%*	HK\$'000	%*
Overdue 1 month but less than 2 months	79,501	1.5	93,505	1.8
Overdue 2 months but less than 3 months	44,172	0.9	51,409	1.0
Overdue 3 months but less than 4 months	26,005	0.5	25,744	0.5
Overdue 4 months or above	54,198	1.1	50,290	1.0
	<u>203,876</u>	<u>4.0</u>	<u>220,948</u>	<u>4.3</u>

\* Percentage of gross advances and receivables

## 10. BANK BORROWINGS

	31.5.2019 (Unaudited) HK\$'000	28.2.2019 (Audited) HK\$'000
Carrying amount repayable ( <i>Note</i> )		
Within one year	190,000	325,000
Within a period of more than one year but not exceeding two years	345,000	370,000
Within a period of more than two years but not exceeding five years	586,005	656,483
Within a period of more than five years	30,000	30,000
	<u>1,151,005</u>	<u>1,381,483</u>
Amount repayable within one year included under current liabilities	<u>(190,000)</u>	<u>(325,000)</u>
Amount repayable after one year	<u>961,005</u>	<u>1,056,483</u>

*Note:* The amounts due are based on scheduled repayment dates set out in the loan agreements.

## 11. COLLATERALISED DEBT OBLIGATION

	<b>31.5.2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	28.2.2019 (Audited) HK\$'000
Tranche A	<b>550,000</b>	550,000
Tranche B	<b>550,000</b>	550,000
Tranche C	<b>150,000</b>	150,000
	<b>1,250,000</b>	1,250,000
Amount repayable within one year included under current liabilities	<b>(931,900)</b>	(701,600)
Amount repayable after one year	<b>318,100</b>	548,400

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>31.5.2019</b> <b>(Unaudited)</b>		28.2.2019 (Audited)	
	<b>Assets</b> <b>HK\$'000</b>	<b>Liabilities</b> <b>HK\$'000</b>	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	<b>1,165</b>	<b>6,992</b>	2,164	14,635
Cross-currency interest rate swaps	<b>10,056</b>	–	13,322	–
Interest rate caps	–	–	–	–
	<b>11,221</b>	<b>6,992</b>	15,486	14,635
Current portion	<b>(299)</b>	<b>(3,567)</b>	(17)	(11,069)
Non-current portion	<b>10,922</b>	<b>3,425</b>	15,469	3,566

All derivative financial instruments entered by the Group that remain outstanding at 31st May 2019 and 28th February 2019 are for hedging purposes. The classification of current/non-current for derivative financial instruments is in accordance with the maturity dates of the corresponding bank borrowings and collateralised debt obligation, the designated hedged items.

## 13. PLEDGE OF ASSETS

At 31st May 2019, the collateralised debt obligation was secured by credit card receivables and restricted deposits of **HK\$1,657,954,000** and **HK\$286,163,000** respectively (28th February 2019: HK\$1,675,261,000 and HK\$419,466,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended 31st May 2019, the Group recorded a profit attributable to owners of HK\$106.8 million, representing a decrease of 10.4% or HK\$12.4 million when compared to HK\$119.2 million for the three months ended 31st May 2018. The Group's basic earnings per share decreased from 28.46 HK cents to 25.50 HK cents when compared with the previous period.

For interest income, the Group recorded a slight decrease of 0.4% or HK\$1.0 million from HK\$285.0 million in the previous period to HK\$284.0 million in the current period. Interest expense of the Group in the current period was HK\$19.4 million. Excluding interest expense on lease liabilities of HK\$0.7 million upon adoption of HKFRS 16, interest expense in the first quarter recorded a decrease of HK\$2.8 million when compared to HK\$21.5 million in the previous corresponding period. Consequently, net interest income of the Group in the first three months of 2019/20 amounted to HK\$264.6 million, representing an increase of 0.4% or HK\$1.0 million when compared with HK\$263.6 million in the previous corresponding period.

The operating income of the Group for the first three months of this financial year was HK\$308.6 million, representing a slight increase of HK\$1.3 million or 0.4% when compared with HK\$307.3 million in the previous corresponding period.

During the period under review, the Group launched several promotions to stimulate card usage and to build up a Japanese brand image, resulting in an increase of HK\$4.3 million in marketing and promotion expenses when compared with the previous period. Excluding depreciation on right-of-use assets of HK\$12.7 million upon adoption of HKFRS 16, cost of depreciation in the first quarter recorded a decrease of HK\$1.8 million when compared to HK\$10.2 million in the previous corresponding period. The overall operating expenses recorded an increase of HK\$2.5 million from HK\$136.1 million in the last period to HK\$138.6 million in the current period. Cost-to-income ratio increased slightly from 44.3% in the first three months of 2018/19 to 44.9% in the first three months of this year.

At the operating level before impairment allowances, the Group recorded an operating profit of HK\$170.0 million for the three months ended 31st May 2019, representing a decrease of 0.6% from HK\$171.1 million in the previous corresponding period.

Impairment losses and impairment allowances recorded an increase of 23.5% or HK\$10.3 million from HK\$43.7 million in 2018/19 to HK\$54.0 million for the three months ended 31st May 2019. The Group will closely monitor the potential deterioration in asset quality.

The Group's gross advances and receivables at 31st May 2019 amounted to HK\$5,067.7 million, as compared with HK\$5,127.4 million at 28th February 2019.

At 31st May 2019, 57.8% of the Group's funding was derived from total equity, 20.2% from bank borrowings and 22.0% from structured finance. Including the collateralised debt obligation, 46.7% of these borrowings will mature within one year, 27.7% between one and two years, 24.4% between two and five years and 1.2% over five years.

The performance of our China operation was still under pressure in the first quarter. The Group will reassess their business prospects and consider different operating options. Meanwhile, we are expecting the microfinance companies to continue to underperform this year.

During the period under review, the Group opened its second flagship branch in Causeway Bay to provide better accessibility and better service to our customers. The objectives of our flagship branches which are located in prime locations are to promote our brand image and enhance customer experience. To this end, the Group will open its third flagship branch in Central in the next quarter. With the increasing popularity of e-money and mobile payment usage, the Group will put more resources on digitalization. Following the recent ATM skimming fraud, the Group has decided to speed up its investment in mobile payment solutions while terminating the operation of a major portion of our ATMs and only maintaining the ATMs located inside our branches. This exercise is expected to incur approximately HK\$15.0 million expenses in the second quarter in relation to the early termination of rental agreements, disposal of ATMs, and premises reinstatement, etc.

The recent social instability might have negative impact on the Hong Kong economic outlook. The Group will closely monitor the market situation and continue to focus on asset quality management. To improve operational efficiency and profitability, the Group is planning to implement data analysis methodology for telemarketing and collection activities.

Please note that the quarterly results of the Group presented herein have not been audited or reviewed by the Company's auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board  
**Hideo Tanaka**  
*Managing Director*

Hong Kong, 21st June 2019

*As at the date of this announcement, the Board comprises Mr. Hideo Tanaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Ms. Koh Yik Kung and Mr. Tony Fung as Executive Directors; Mr. Masaaki Mangetsu (Chairman) as Non-executive Director; and Mr. Lee Ching Ming, Adrian, Mr. Wong Hin Wing and Mr. Kenji Hayashi as Independent Non-executive Directors.*