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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 NINE MONTHS ENDED 20TH NOVEMBER 2014**

The Directors of AEON Credit Service (Asia) Company Limited (the “Company”) hereby announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 20th November 2014, together with comparative figures of the previous period as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the nine months ended 20th November 2014*

	Notes	Nine months ended 20th November		Percentage change %
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	
Revenue	2	<b>951,140</b>	855,786	11.1
Interest income		<b>854,327</b>	765,016	11.7
Interest expense		<b>(71,676)</b>	(72,116)	(0.6)
Net interest income		<b>782,651</b>	692,900	13.0
Other operating income	3	<b>101,620</b>	96,140	5.7
Other gains and losses	4	<b>(284)</b>	(1,037)	(72.6)
Operating income		<b>883,987</b>	788,003	12.2
Operating expenses	5	<b>(403,861)</b>	(382,200)	5.7
Operating profit before impairment allowances		<b>480,126</b>	405,803	18.3
Impairment losses and impairment allowances		<b>(259,272)</b>	(228,194)	13.6
Recoveries of advances and receivables written-off		<b>40,534</b>	35,596	13.9
Share of results of associates		<b>(9,173)</b>	(3,461)	165.0
Profit before tax		<b>252,215</b>	209,744	20.2
Income tax expense		<b>(47,509)</b>	(40,360)	17.7
Profit for the period		<b>204,706</b>	169,384	20.9
Profit for the period attributable to: Owners of the Company		<b>204,706</b>	169,384	20.9

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

*For the nine months ended 20th November 2014*

	<b>Nine months ended 20th November</b>		
	<b>2014</b>	2013	Percentage
	<b>(Unaudited)</b>	(Unaudited)	change
	<b>HK\$'000</b>	HK\$'000	%
Profit for the period	<u><b>204,706</b></u>	<u>169,384</u>	20.9
<b>Other comprehensive (expense) income</b>			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale investments	<b>(89)</b>	(15,238)	(99.4)
Exchange difference arising from translation of foreign operations	<b>(117)</b>	5,273	(102.2)
Net adjustment on cash flow hedges	<u><b>(26,220)</b></u>	<u>35,412</u>	(174.0)
Other comprehensive (expense) income for the period	<u><b>(26,426)</b></u>	<u>25,447</u>	(203.8)
Total comprehensive income for the period	<u><b>178,280</b></u>	<u>194,831</u>	(8.5)
Total comprehensive income for the period attributable to:			
Owners of the Company	<u><b>178,280</b></u>	<u>194,831</u>	(8.5)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 20th November 2014

		20th November 2014 (Unaudited) HK\$'000	20th February 2014 (Audited) HK\$'000	Change HK\$'000
	<i>Notes</i>			
<b>Non-current assets</b>				
Property, plant and equipment		99,778	111,368	(11,590)
Investments in associates		47,369	15,162	32,207
Available-for-sale investments		26,016	26,105	(89)
Advances and receivables	6	1,283,178	1,292,429	(9,251)
Prepayments, deposits and other debtors		40,007	44,183	(4,176)
Derivative financial instruments	10	1,338	1,025	313
Restricted deposits		38,000	68,000	(30,000)
		<u>1,535,686</u>	<u>1,558,272</u>	<u>(22,586)</u>
<b>Current assets</b>				
Advances and receivables	6	4,004,308	3,975,192	29,116
Prepayments, deposits and other debtors		37,197	39,718	(2,521)
Amount due from immediate holding company		–	1,395	(1,395)
Amount due from a fellow subsidiary		48	73	(25)
Restricted deposits		71,833	–	71,833
Time deposits		124,068	361,660	(237,592)
Fiduciary bank balances		1,213	3,074	(1,861)
Bank balances and cash		156,680	158,394	(1,714)
		<u>4,395,347</u>	<u>4,539,506</u>	<u>(144,159)</u>
<b>Current liabilities</b>				
Creditors and accruals		262,771	170,094	92,677
Amounts due to fellow subsidiaries		46,362	59,854	(13,492)
Amount due to ultimate holding company		33	49	(16)
Amounts due to an associate		3,720	1,434	2,286
Bank borrowings	9	353,000	797,500	(444,500)
Bank overdrafts		1,415	5,025	(3,610)
Derivative financial instruments	10	428	1,740	(1,312)
Tax liabilities		38,314	6,473	31,841
		<u>706,043</u>	<u>1,042,169</u>	<u>(336,126)</u>
<b>Net current assets</b>		<u>3,689,304</u>	<u>3,497,337</u>	<u>191,967</u>
<b>Total assets less current liabilities</b>		<u>5,224,990</u>	<u>5,055,609</u>	<u>169,381</u>

		<b>20th November 2014 (Unaudited) HK\$'000</b>	20th February 2014 (Audited) HK\$'000	Change HK\$'000
	<i>Notes</i>			
<b>Capital and reserves</b>				
Share capital		<b>269,477</b>	41,877	227,600
Reserves		<b>2,103,622</b>	2,303,698	(200,076)
<b>Total equity</b>		<b>2,373,099</b>	2,345,575	27,524
<b>Non-current liabilities</b>				
Collateralised debt obligation		<b>1,249,206</b>	1,098,887	150,319
Bank borrowings	9	<b>1,452,750</b>	1,487,750	(35,000)
Derivative financial instruments	10	<b>146,535</b>	118,597	27,938
Deferred tax liabilities		<b>3,400</b>	4,800	(1,400)
		<b>2,851,891</b>	2,710,034	141,857
		<b>5,224,990</b>	5,055,609	169,381

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 20th November 2014*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <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>
Balance at 21st February 2013 (Audited)	41,877	227,330	270	18,649	(165,979)	12,086	2,094,876	2,229,109
Profit for the period	-	-	-	-	-	-	169,384	169,384
Fair value loss on available-for-sale investments	-	-	-	(15,238)	-	-	-	(15,238)
Exchange difference arising from translation of foreign operations	-	-	-	-	-	5,273	-	5,273
Net adjustment on cash flow hedges	-	-	-	-	35,412	-	-	35,412
<b>Total comprehensive (expense) income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,238)</b>	<b>35,412</b>	<b>5,273</b>	<b>169,384</b>	<b>194,831</b>
Final dividend paid for 2012/13	-	-	-	-	-	-	(75,378)	(75,378)
Interim dividend paid for 2013/14	-	-	-	-	-	-	(71,190)	(71,190)
	-	-	-	(15,238)	35,412	5,273	22,816	48,263
Balance at 20th November 2013 (Unaudited)	41,877	227,330	270	3,411	(130,567)	17,359	2,117,692	2,277,372
Balance at 21st February 2014 (Audited)	41,877	227,330	270	445	(113,110)	18,507	2,170,256	2,345,575
Profit for the period	-	-	-	-	-	-	204,706	204,706
Fair value loss on available-for-sale investments	-	-	-	(89)	-	-	-	(89)
Exchange difference arising from translation of foreign operations	-	-	-	-	-	(117)	-	(117)
Net adjustment on cash flow hedges	-	-	-	-	(26,220)	-	-	(26,220)
<b>Total comprehensive (expense) income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(89)</b>	<b>(26,220)</b>	<b>(117)</b>	<b>204,706</b>	<b>178,280</b>
Transfer upon abolition of par value under the new Hong Kong Company Ordinance ( <i>Note</i> )	227,600	(227,330)	(270)	-	-	-	-	-
Final dividend paid for 2013/14	-	-	-	-	-	-	(75,378)	(75,378)
Interim dividend paid for 2014/15	-	-	-	-	-	-	(75,378)	(75,378)
	227,600	(227,330)	(270)	(89)	(26,220)	(117)	53,950	27,524
Balance at 20th November 2014 (Unaudited)	269,477	-	-	356	(139,330)	18,390	2,224,206	2,373,099

*Note:* The Company has no authorised share capital and its shares have no par value since the commencement date of the new Hong Kong Companies Ordinance (i.e. 3rd March 2014).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 20th November 2014

	Nine months ended 20th November	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Net cash from (used in) operating activities</b>	<b>346,909</b>	<b>(64,845)</b>
Dividends received	727	171
Proceeds from disposal of property, plant and equipment	–	10
Purchase of property, plant and equipment	(15,234)	(27,353)
Deposits paid for acquisition of property, plant and equipment	(4,554)	(15,775)
Investment in an associate	(39,389)	–
Increase in time deposits with maturity of more than three months	(8,816)	–
<b>Net cash used in investing activities</b>	<b>(67,266)</b>	<b>(42,947)</b>
Placement of restricted deposits	(1,124,329)	(2,060,726)
Withdrawal of restricted deposits	1,082,496	2,050,145
Dividends paid	(150,756)	(146,568)
New collateralised debt obligation raised	150,000	–
New bank loans raised	61,582,900	36,421,561
Repayment of bank loans	(62,062,400)	(36,242,562)
<b>Net cash (used in) from financing activities</b>	<b>(522,089)</b>	<b>21,850</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(242,446)</b>	<b>(85,942)</b>
<b>Cash and cash equivalents at 21st February</b>	<b>511,184</b>	<b>526,022</b>
<b>Effect of changes in exchange rate</b>	<b>(2,065)</b>	<b>4,771</b>
<b>Cash and cash equivalents at 20th November</b>	<b>266,673</b>	<b>444,851</b>
Being:		
Time deposits with maturity of three months or less	111,408	303,230
Bank balances and cash	156,680	147,406
Bank overdrafts	(1,415)	(5,785)
	<b>266,673</b>	<b>444,851</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 20th November 2014

### 1. BASIS OF PREPARATION

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 20th February 2014.

### 2. REVENUE

	Nine months ended 20th November	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest income	854,327	765,016
Fees and commissions	53,366	54,290
Handling and late charges	43,447	36,480
	<u>951,140</u>	<u>855,786</u>

### 3. OTHER OPERATING INCOME

	Nine months ended 20th November	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Dividends received on available-for-sale investments		
Listed equity securities	727	171
Fees and commissions		
Credit card	31,660	27,794
Insurance	21,706	26,496
Handling and late charges	43,447	36,480
Others	4,080	5,199
	<u>101,620</u>	<u>96,140</u>

### 4. OTHER GAINS AND LOSSES

	Nine months ended 20th November	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Exchange (losses) gains		
Exchange losses on hedging instruments released from cash flow hedge reserve	-	(180)
Exchange gain on bank loans	-	180
Exchange losses, net	(126)	(318)
Hedge ineffectiveness on cash flow hedges	(158)	(158)
Net losses on disposal of property, plant and equipment	-	(561)
	<u>(284)</u>	<u>(1,037)</u>

## 5. OPERATING EXPENSES

	Nine months ended 20th November	
	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	31,368	30,256
General administrative expenses	100,249	106,262
Marketing and promotion expenses	52,294	51,959
Operating lease rentals in respect of rented premises, advertising space and equipment	52,628	47,720
Other operating expenses	49,411	45,111
Staff costs including Directors' emoluments	117,911	100,892
	<b>403,861</b>	<b>382,200</b>

## 6. ADVANCES AND RECEIVABLES

	20th November	20th February
	2014	2014
	(Unaudited) HK\$'000	(Audited) HK\$'000
Credit card receivables	3,539,606	3,520,833
Instalment loans receivable	1,805,669	1,775,736
Hire purchase debtors	1,705	2,545
	<b>5,346,980</b>	5,299,114
Accrued interest and other receivables	113,670	115,867
	<b>5,460,650</b>	5,414,981
Gross advances and receivables	<b>5,460,650</b>	5,414,981
Impairment allowances ( <i>note 7</i> )		
– individually assessed	(116,110)	(81,207)
– collectively assessed	(57,054)	(66,153)
	<b>(173,164)</b>	(147,360)
	<b>5,287,486</b>	5,267,621
Current portion included under current assets	<b>(4,004,308)</b>	(3,975,192)
	<b>1,283,178</b>	1,292,429



## 7. IMPAIRMENT ALLOWANCES

	<b>20th November 2014 (Unaudited) HK\$'000</b>	20th February 2014 (Audited) HK\$'000	
Analysis by products as:			
Credit card receivables	<b>61,039</b>	61,084	
Instalment loans receivable	<b>110,580</b>	84,058	
Hire purchase debtors	<b>21</b>	57	
Accrued interest and other receivables	<b>1,524</b>	2,161	
	<b>173,164</b>	147,360	
	<b>Individual assessment HK\$'000</b>	<b>Collective assessment HK\$'000</b>	<b>Total HK\$'000</b>
At 21st February 2014	<b>81,207</b>	<b>66,153</b>	<b>147,360</b>
Impairment losses and impairment allowances	<b>268,371</b>	<b>(9,099)</b>	<b>259,272</b>
Amounts written-off as uncollectable	<b>(233,468)</b>	<b>-</b>	<b>(233,468)</b>
At 20th November 2014	<b>116,110</b>	<b>57,054</b>	<b>173,164</b>
	<b>Individual assessment HK\$'000</b>	<b>Collective assessment HK\$'000</b>	<b>Total HK\$'000</b>
At 21st February 2013	56,365	70,471	126,836
Impairment losses and impairment allowances	232,247	(4,053)	228,194
Amounts written-off as uncollectable	(207,116)	-	(207,116)
At 20th November 2013	81,496	66,418	147,914

## 8. 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:

	<b>20th November 2014 (Unaudited)</b>		20th February 2014 (Audited)	
	<b>HK\$'000</b>	<b>%*</b>	<b>HK\$'000</b>	<b>%*</b>
Overdue 1 month but less than 2 months	<b>127,724</b>	<b>2.3</b>	142,006	2.6
Overdue 2 months but less than 3 months	<b>43,378</b>	<b>0.8</b>	46,056	0.9
Overdue 3 months but less than 4 months	<b>26,902</b>	<b>0.5</b>	30,204	0.6
Overdue 4 months or above	<b>125,696</b>	<b>2.3</b>	84,384	1.5
	<b>323,700</b>	<b>5.9</b>	302,650	5.6

\* Percentage of gross advances and receivables

## 9. BANK BORROWINGS

	20th November 2014 (Unaudited) HK\$'000	20th February 2014 (Audited) HK\$'000
Bank loans, unsecured	<u>1,805,750</u>	<u>2,285,250</u>
Carrying amount repayable ( <i>Note</i> )		
Within one year	353,000	797,500
Between one and two years	617,750	330,000
Between two and five years	710,000	1,042,750
Over five years	<u>125,000</u>	<u>115,000</u>
	<b>1,805,750</b>	2,285,250
Amount repayable within one year included under current liabilities	<u>(353,000)</u>	<u>(797,500)</u>
Amount repayable after one year	<u>1,452,750</u>	<u>1,487,750</u>

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

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

	20th November 2014 (Unaudited)		20th February 2014 (Audited)	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	1,338	146,201	1,025	119,034
Cross-currency interest rate swaps	–	762	–	1,303
	<u>1,338</u>	<u>146,963</u>	<u>1,025</u>	<u>120,337</u>
Current portion	–	(428)	–	(1,740)
	<u>1,338</u>	<u>146,535</u>	<u>1,025</u>	<u>118,597</u>
Non-current portion				

All derivative financial instruments entered by the Group that remained outstanding at 20th November 2014 and 20th February 2014 are for hedging purposes. The credit risk on those derivative financial instruments is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. 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.

## Cash flow hedges:

### *Interest rate swaps*

The Group uses interest rate swaps to minimise its exposures to cash flow changes of its floating-rate bank borrowings and collateralised debt obligation by swapping certain Hong Kong Dollar (“HKD”) floating-rate bank borrowings and collateralised debt obligation from floating rates to fixed rates. The interest rate swaps, the corresponding bank borrowings and the collateralised debt obligation have similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, and the Directors consider that the interest rate swaps are highly effective hedging instruments. Interest rate swaps are designated as cash flow hedging instruments from floating interest rates to fixed interest rates.

### *Cross-currency interest rate swaps*

The Group uses cross-currency interest rate swaps designated as highly effective hedging instruments to minimise its exposures to foreign currency and cash flow interest rate risk of its United States Dollars (“USD”) bank borrowings by swapping the floating-rate USD bank borrowings to fixed-rate HKD bank borrowings. The cross-currency interest rate swaps and the corresponding bank borrowings have the same terms and the Directors consider that the cross-currency interest rate swaps are highly effective hedging instruments.

## 11. PLEDGE OF ASSETS

At 20th November 2014, the collateralised debt obligation of the Group was secured by credit card receivables and restricted deposits of **HK\$1,754,231,000** and **HK\$109,833,000** respectively (20th February 2014: HK\$1,858,759,000 and HK\$68,000,000).

## FINANCIAL REVIEW

1. The unaudited consolidated results included the financial statements of the following subsidiaries:

- AEON Insurance Brokers (HK) Limited
- AEON Micro Finance (Shenyang) Co., Ltd.
- AEON Micro Finance (Tianjin) Co., Ltd.
- AEON Micro Finance (Shenzhen) Co., Ltd.

and associates:

- AEON Information Service (Shenzhen) Co., Ltd.
- AEON Credit Guarantee (China) Co., Ltd.

2. During the period under review, sales from credit card increased due to increase in demand for revolving transactions and successful marketing programmes. On the other hand, instalment loan sales slowed down due to keen competition. Nevertheless, interest income of the Group for the nine months ended 20th November 2014 was HK\$854.3 million, an increase of 11.7% when compared with HK\$765.0 million in the previous corresponding period.

3. Interest expense in the first nine months of 2014/15 was HK\$71.7 million, as compared to HK\$72.1 million in the previous corresponding period. As a result, net interest income of the Group recorded an increase of HK\$89.8 million to HK\$782.7 million from HK\$692.9 million in 2013/14.
4. Following the hiring of more staff members in China for expansion of business, there was an increase in staff costs. There was also an increase in operating lease rental expenses following the renewal of leases. The running costs of microfinance subsidiaries in China also contributed to an increase in the overall operating expenses. As a result, operating expenses increased by 5.7% from HK\$382.2 million in 2013/14 to HK\$403.9 million for the first nine months in 2014/15.
5. At the operating level before impairment allowances, the Group recorded an operating profit of HK\$480.1 million for the nine months ended 20th November 2014, representing an increase of 18.3% from HK\$405.8 million in the previous corresponding period.
6. With the slow-down in economic growth and increase in personal bankruptcies, impairment losses and impairment allowances for the nine months of 2014/15 recorded an increase of 13.6% or HK\$31.1 million from HK\$228.2 million in 2013/14 to HK\$259.3 million. Recoveries of advances and receivables written-off were HK\$40.5 million, an increase of HK\$4.9 million when compared with HK\$35.6 million in 2013/14.
7. For the nine months ended 20th November 2014, the Group recorded a net profit of HK\$204.7 million, as compared with HK\$169.4 million in the previous corresponding period.
8. Despite keen competition in the market, the Group still recorded an increase in its receivables. This led to an increase in gross advances by HK\$47.9 million to HK\$5,347.0 million, as compared to HK\$5,299.1 million at 20th February 2014.
9. The Group relies principally on its internally generated capital, bank borrowings and structured finance to fund its business.
10. During the period under review, the existing collateralised debt obligation programme has been rearranged whereby the Group secured an additional tranche of HK\$150.0 million with the revolving period ending in July 2020 and the revolving periods of the existing two tranches of HK\$550.0 million each have been extended to August 2019. With the new arrangement, the Company has improved its liquidity and cash flow management and also reduced its short-term borrowings. At 20th November 2014, 43.7% of its funding was derived from total equity, 33.3% from bank borrowings and 23.0% from structured finance.
11. Including the collateralised debt obligation, 11.6% of the indebtedness will mature within one year, 38.2% between one and two years, 41.2% between two and five years and 9.0% over five years.

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  
**Fung Kam Shing, Barry**  
*Managing Director*

Hong Kong, 19th December 2014

*As at the date of this announcement, the Board of Directors comprises Mr. Fung Kam Shing, Barry (Managing Director), Ms. Koh Yik Kung, Mr. Tomoyuki Kawahara and Mr. Fong Chung Leung, Gerald as Executive Directors; Mr. Masanori Kosaka (Chairman) and Mr. Lai Yuk Kwong as Non-executive Directors; and Mr. Ip Yuk Keung, Mr. Wong Hin Wing and Prof. Tong Jun as Independent Non-executive Directors.*