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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)

FINAL RESULTS FOR THE YEAR ENDED 28TH FEBRUARY 2017

The board (the “Board”) of directors (the “Directors”) of AEON Credit Service (Asia) Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 28th February 2017, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 28th February 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Revenue	6	1,228,100	1,258,854
Interest income	8	1,074,905	1,107,583
Interest expense	9	(90,736)	(94,665)
Net interest income		984,169	1,012,918
Other operating income	10	162,544	162,649
Other gains and losses	11	(961)	(1,307)
Operating income		1,145,752	1,174,260
Operating expenses	12	(540,523)	(606,072)
Gain on sale of advances and receivables		21,114	–
Other expenses	12	–	(8,158)
Operating profit before impairment allowances		626,343	560,030
Impairment losses and impairment allowances		(283,885)	(301,938)
Impairment loss on investment in an associate		(8,637)	–
Recoveries of advances and receivables written-off		50,635	53,846
Share of results of associates		(17,222)	(4,583)
Profit before tax		367,234	307,355
Income tax expense	13	(68,438)	(57,388)
Profit for the year		298,796	249,967
Profit for the year attributable to: Owners of the Company		298,796	249,967
Earnings per share – Basic	15	71.35 HK cents	59.69 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28th February 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>298,796</u>	<u>249,967</u>
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on available-for-sale investments	(906)	(2,362)
Exchange difference arising from translation of foreign operations	(16,087)	(15,581)
Net adjustment on cash flow hedges	<u>67,452</u>	<u>14,961</u>
Other comprehensive income (expense) for the year	<u>50,459</u>	<u>(2,982)</u>
Total comprehensive income for the year	<u>349,255</u>	<u>246,985</u>
Total comprehensive income for the year attributable to: Owners of the Company	<u>349,255</u>	<u>246,985</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28th February 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	16	100,494	123,177
Investments in associates		11,374	39,598
Available-for-sale investments	17	21,239	22,145
Advances and receivables	18	1,034,366	1,186,140
Prepayments, deposits and other debtors	21	16,772	30,298
Derivative financial instruments	24	10,354	1,244
Restricted deposits		38,000	38,000
		<u>1,232,599</u>	<u>1,440,602</u>
Current assets			
Advances and receivables	18	4,035,958	4,059,463
Prepayments, deposits and other debtors	21	40,436	34,092
Amounts due from fellow subsidiaries		1,180	5
Amount due from immediate holding company		7	6
Amount due from intermediate holding company		191	423
Amount due from an associate		73	–
Derivative financial instruments	24	44	241
Tax recoverable		–	1,465
Restricted deposits		145,216	–
Time deposits		165,763	98,105
Fiduciary bank balances		76	238
Bank balances and cash		470,257	306,944
		<u>4,859,201</u>	<u>4,500,982</u>
Current liabilities			
Creditors and accruals	22	219,948	244,130
Amounts due to fellow subsidiaries		49,460	49,830
Amount due to intermediate holding company		202	58
Amount due to ultimate holding company		35	52
Amount due to an associate		3,095	1,358
Bank borrowings	23	240,000	560,786
Collateralised debt obligation	26	–	549,782
Derivative financial instruments	24	650	22,364
Tax liabilities		31,762	8,895
		<u>545,152</u>	<u>1,437,255</u>
Net current assets		<u>4,314,049</u>	<u>3,063,727</u>
Total assets less current liabilities		<u>5,546,648</u>	<u>4,504,329</u>

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Capital and reserves			
Share capital		269,477	269,477
Reserves		2,472,594	2,274,095
Total equity		2,742,071	2,543,572
Non-current liabilities			
Collateralised debt obligation	26	1,250,000	700,000
Bank borrowings	23	1,481,281	1,145,000
Derivative financial instruments	24	66,724	106,214
Deferred tax liabilities	25	6,572	9,543
		2,804,577	1,960,757
		5,546,648	4,504,329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28th February 2017

	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 1.3.2015	269,477	(1,153)	(136,064)	13,179	2,301,904	2,447,343
Profit for the year	-	-	-	-	249,967	249,967
Fair value loss on available-for-sale investments	-	(2,362)	-	-	-	(2,362)
Exchange difference arising from translation of foreign operations	-	-	-	(15,581)	-	(15,581)
Net adjustment on cash flow hedges	-	-	14,961	-	-	14,961
Total comprehensive (expense) income for the year	-	(2,362)	14,961	(15,581)	249,967	246,985
Final dividend paid for 2014/15	-	-	-	-	(75,378)	(75,378)
Interim dividend paid for 2015/16	-	-	-	-	(75,378)	(75,378)
	-	(2,362)	14,961	(15,581)	99,211	96,229
At 29.2.2016	269,477	(3,515)	(121,103)	(2,402)	2,401,115	2,543,572
Profit for the year	-	-	-	-	298,796	298,796
Fair value loss on available-for-sale investments	-	(906)	-	-	-	(906)
Exchange difference arising from translation of foreign operations	-	-	-	(16,087)	-	(16,087)
Net adjustment on cash flow hedges	-	-	67,452	-	-	67,452
Total comprehensive (expense) income for the year	-	(906)	67,452	(16,087)	298,796	349,255
Final dividend paid for 2015/16	-	-	-	-	(75,378)	(75,378)
Interim dividend paid for 2016/17	-	-	-	-	(75,378)	(75,378)
	-	(906)	67,452	(16,087)	148,040	198,499
At 28.2.2017	269,477	(4,421)	(53,651)	(18,489)	2,549,155	2,742,071

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28th February 2017

	2017 HK\$'000	2016 HK\$'000
Operating activities		
Profit before tax	367,234	307,355
Adjustments for:		
Amortisation of upfront cost of collateralised debt obligation	218	459
Depreciation	45,167	46,879
Dividends received on available-for-sale investments	(916)	(705)
Impairment losses and impairment allowances recognised in respect of advances and receivables	283,885	301,938
Interest expense	90,518	94,206
Interest income	(1,074,905)	(1,107,583)
Losses on disposal/write-off of property, plant and equipment	737	871
Impairment loss on investment in an associate	8,637	–
Share of results of associates	17,222	4,583
Operating cash flows before movements in working capital	(262,203)	(351,997)
Increase in advances and receivables	(117,180)	(264,313)
Increase in prepayments, deposits and other debtors	(3,618)	(4,053)
(Increase) decrease in amounts due from fellow subsidiaries	(1,175)	485
Increase in amount due from immediate holding company	(1)	(6)
Decrease (increase) in amount due from intermediate holding company	232	(125)
Increase in amount due from an associate	(73)	–
Decrease in fiduciary bank balances	162	656
(Decrease) increase in creditors and accruals	(25,209)	22,015
(Decrease) increase in amounts due to fellow subsidiaries	(370)	928
Decrease in amount due to immediate holding company	–	(6)
Increase in amount due to intermediate holding company	144	58
(Decrease) increase in amount due to ultimate holding company	(17)	2
Increase (decrease) in amount due to an associate	1,737	(219)
Cash used in operations	(407,571)	(596,575)
Tax paid	(47,077)	(59,046)
Interest paid	(91,685)	(94,339)
Interest received	1,078,664	1,110,016
Net cash from operating activities	532,331	360,056

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Investing activities		
Dividends received	916	705
Purchase of property, plant and equipment	(8,026)	(2,757)
Deposits paid for acquisition of property, plant and equipment	(5,601)	(16,471)
Decrease (increase) in time deposits with maturity of more than three months	19,227	(8,306)
Net cash from (used in) investing activities	<u>6,516</u>	<u>(26,829)</u>
Financing activities		
Placement of restricted deposits	(1,515,588)	(997,010)
Withdrawal of restricted deposits	1,370,372	997,010
Dividends paid	(150,756)	(150,756)
Increase in collateralised debt obligation	550,000	550,000
Repayment of collateralised debt obligation	(550,000)	(550,000)
New bank loans raised	1,362,527	7,628,449
Repayment of bank loans	(1,347,408)	(7,751,914)
Net cash used in financing activities	<u>(280,853)</u>	<u>(274,221)</u>
Net increase in cash and cash equivalents	257,994	59,006
Effect of changes in exchange rate	(5,187)	(4,257)
Cash and cash equivalents at beginning of the year	<u>349,283</u>	<u>294,534</u>
Cash and cash equivalents at end of the year	<u>602,090</u>	<u>349,283</u>
Being:		
Time deposits with maturity of three months or less	131,833	42,339
Bank balances and cash	470,257	306,944
	<u>602,090</u>	<u>349,283</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28th February 2017

1. STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

The financial information relating to the year ended 28th February 2017 and 29th February 2016 included in this preliminary announcement of annual results for the year ended 28th February 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 29th February 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 28th February 2017 in due course.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The significant accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 29th February 2016, except for the adoption of the new and amendments to HKFRSs as disclosed in note 3 above.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment allowances on advances and receivables

The Group establishes, through charges against the consolidated statement of profit or loss, impairment allowances in respect of estimated incurred loss in advances and receivables. The allowances consist of individual impairment allowances and collective impairment allowances. The overall impairment allowances represent the aggregate amount by which the management considers necessary to write down its loan portfolio in order to state it in the consolidated statement of financial position at its present value of estimated future cash flows discounted at the original effective interest rate.

In determining individual impairment allowances, management considers objective evidence of impairment. When an advance is impaired, an individual impairment allowance is assessed by a discounted cash flow method, measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

In determining collective impairment allowances, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

6. REVENUE

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Interest income	8	1,074,905	1,107,583
Fees and commissions	10	74,043	81,999
Handling and late charges	10	79,152	69,272
		1,228,100	1,258,854

7. SEGMENT INFORMATION

Services from which operating and reportable segments derive their revenues

The Group's operating and reportable segments are as follows:

Credit card	–	Provide credit card services to individuals and acquiring services for member-stores
Instalment loan	–	Provide personal loan financing to individuals
Insurance	–	Provide insurance brokerage and agency services
Hire purchase	–	Provide vehicle financing and hire purchase financing for household products and other consumer products for individuals

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 28th February 2017

	Credit card <i>HK\$'000</i>	Instalment loan <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Hire purchase <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	850,105	357,727	20,255	13	1,228,100
RESULT					
Segment results	324,939	79,905	4,753	12	409,609
Unallocated operating income					7,222
Unallocated expenses					(23,738)
Impairment loss on investment in an associate					(8,637)
Share of results of associates					(17,222)
Profit before tax					367,234

For the year ended 29th February 2016

	Credit card <i>HK\$'000</i>	Instalment loan <i>HK\$'000</i>	Insurance <i>HK\$'000</i>	Hire purchase <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	851,168	376,675	30,939	72	1,258,854
RESULT					
Segment results	273,515	48,739	6,013	12	328,279
Unallocated operating income					6,777
Unallocated expenses					(23,118)
Share of results of associates					(4,583)
Profit before tax					307,355

Geographical information

The following is an analysis of the Group's revenue and results by geographical segments:

For the year ended 28th February 2017

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	1,170,184	57,916	1,228,100
RESULT			
Segment results	425,069	(15,460)	409,609
Unallocated operating income			7,222
Unallocated expenses			(23,738)
Impairment loss on investment in an associate			(8,637)
Share of results of associates			(17,222)
Profit before tax			367,234

For the year ended 29th February 2016

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	1,201,879	56,975	1,258,854
RESULT			
Segment results	361,089	(32,810)	328,279
Unallocated operating income			6,777
Unallocated expenses			(23,118)
Share of results of associates			(4,583)
Profit before tax			307,355

The accounting policies of operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit before tax earned by each segment without allocation of certain other operating income (including dividend income), unallocated head office expenses, impairment loss on investment in an associate and share of results of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

8. INTEREST INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Advances	1,067,994	1,100,906
Impaired advances	3,344	3,611
Time deposits, restricted deposits and bank balances	3,567	3,066
	<u>1,074,905</u>	<u>1,107,583</u>

9. INTEREST EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowings	30,978	30,425
Interest on collateralised debt obligation	9,182	7,743
Net interest expense on interest rate swap contracts	50,576	56,497
	<u>90,736</u>	<u>94,665</u>

Amortisation of upfront cost of **HK\$218,000** (2016: HK\$459,000) is included in the interest expense on collateralised debt obligation.

10. OTHER OPERATING INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends received on available-for-sale investments		
Listed equity securities	849	645
Unlisted equity securities	67	60
Fees and commissions		
Credit card	53,935	51,060
Insurance	20,108	30,939
Handling and late charges	79,152	69,272
Others	8,433	10,673
	<u>162,544</u>	<u>162,649</u>

11. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Exchange gain (loss)		
Exchange gain on hedging instrument released from cash flow hedge reserve	255	951
Exchange loss on a bank loan	(255)	(951)
Other exchange losses, net	(53)	(226)
Hedge ineffectiveness on cash flow hedges	(171)	(210)
Losses on disposal/write-off of property, plant and equipment	(737)	(871)
	<u>(961)</u>	<u>(1,307)</u>

12. OPERATING EXPENSES / OTHER EXPENSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Operating expenses		
Auditor's remuneration	2,900	2,946
Depreciation	45,167	46,879
General administrative expenses	159,359	175,828
Marketing and promotion expenses	55,915	76,667
Minimum operating lease rentals in respect of rented premises, advertising space and equipment	72,888	72,342
Other operating expenses	46,453	54,911
Staff costs including Directors' emoluments	157,841	176,499
	<u>540,523</u>	<u>606,072</u>

Other expenses

During the year ended 29th February 2016, the Company invested in the establishment of prepaid card business. However, due to the uncertainty and various other considerations surrounding the proposed regulatory regime for stored-value facilities, this project had been suspended and all incurred expenses of HK\$8,158,000 were written off and included under other expenses.

13. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
– Current year	72,224	54,538
– Overprovision in respect of prior years	(815)	(724)
	<u>71,409</u>	<u>53,814</u>
Deferred tax:		
– Current year	(2,971)	3,574
	<u>68,438</u>	<u>57,388</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before tax	367,234	307,355
Tax at the applicable rate of 16.5% (2016: 16.5%)	60,594	50,714
Tax effect of share of results of associates	2,842	756
Tax effect of expenses not deductible for tax purpose	4,830	3,879
Tax effect of income not taxable for tax purpose	(321)	(177)
Overprovision in respect of prior years	(815)	(724)
Tax effect of tax losses in current year not recognised	1,485	1,995
Utilisation of tax losses previously not recognised	(1,362)	–
Others	1,185	945
Income tax expense for the year	68,438	57,388

14. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid of 18.0 HK cents in respect of 2016 (2016: 18.0 HK cents in respect of 2015) per share	75,378	75,378
Interim dividend paid of 18.0 HK cents in respect of 2017 (2016: 18.0 HK cents in respect of 2016) per share	75,378	75,378
	150,756	150,756
Final dividend proposed of 20.0 HK cents in respect of 2017 (2016: 18.0 HK cents in respect of 2016) per share	83,753	75,378

The Directors have recommended a final dividend of **20.0 HK cents** per share. Subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 23rd June 2017 (the "2017 AGM"), the final dividend will be paid on 13th July 2017 to shareholders whose names appear on the register of members of the Company on 29th June 2017. This dividend has not been included as a liability in the consolidated financial statements.

15. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit for the year of **HK\$298,796,000** (2016: HK\$249,967,000) and on the number of shares of **418,766,000** (2016: 418,766,000) in issue during the year.

16. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately **HK\$22,899,000** on computer equipment, **HK\$1,430,000** on leasehold improvements and **HK\$6,000** on furniture and fixtures.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Listed equity securities, at fair value		
Hong Kong	12,095	13,001
Unlisted equity securities, at cost	9,144	9,144
	<u>21,239</u>	<u>22,145</u>

18. ADVANCES AND RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Credit card receivables	3,611,021	3,577,431
Instalment loan receivables	1,469,708	1,697,234
Hire purchase debtors	26	749
	<u>5,080,755</u>	<u>5,275,414</u>
Accrued interest and other receivables	90,642	106,515
	<u>5,171,397</u>	<u>5,381,929</u>
Gross advances and receivables		
Impairment allowances (<i>Note 19</i>)		
– individually assessed	(58,146)	(90,723)
– collectively assessed	(42,927)	(45,603)
	<u>(101,073)</u>	<u>(136,326)</u>
	<u>5,070,324</u>	<u>5,245,603</u>
Current portion included under current assets	(4,035,958)	(4,059,463)
	<u>1,034,366</u>	<u>1,186,140</u>

As at 29th February 2016, included in the advances and receivables were secured credit card receivables and instalment loan receivables of HK\$5,444,000 and HK\$12,570,000 respectively. The Group held collateral over these balances. The Directors consider the exposure of credit risk of the secured receivables, after taking into account the value of the collateral, is insignificant, as the fair value of the collateral (property interests) is higher than the outstanding amount of these receivables at the end of the reporting period. As at 28th February 2017, all advances and receivables are unsecured.

19. IMPAIRMENT ALLOWANCES

	2017		2016
	HK\$'000		HK\$'000
Analysis by products as:			
Credit card receivables	41,034		34,235
Instalment loan receivables	57,377		100,643
Hire purchase debtors	–		6
Accrued interest and other receivables	2,662		1,442
	101,073		136,326
	Individual	Collective	Total
	assessment	assessment	HK\$'000
	HK\$'000	HK\$'000	
At 1.3.2016	90,723	45,603	136,326
Impairment losses and impairment allowances	286,561	(2,676)	283,885
Amounts written-off as uncollectable	(315,084)	–	(315,084)
Exchange realignment	(4,054)	–	(4,054)
	58,146	42,927	101,073
At 28.2.2017			
	Individual	Collective	Total
	assessment	assessment	HK\$'000
	HK\$'000	HK\$'000	
At 1.3.2015	92,403	55,914	148,317
Impairment losses and impairment allowances	312,249	(10,311)	301,938
Amounts written-off as uncollectable	(311,716)	–	(311,716)
Exchange realignment	(2,213)	–	(2,213)
	90,723	45,603	136,326
At 29.2.2016			

20. 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:

	2017		2016	
	HK\$'000	%*	HK\$'000	%*
Overdue 1 month but less than 2 months	77,933	1.5	89,934	1.7
Overdue 2 months but less than 3 months	43,281	0.8	45,420	0.8
Overdue 3 months but less than 4 months	31,806	0.6	27,229	0.5
Overdue 4 months or above	60,967	1.2	89,738	1.7
	213,987	4.1	252,321	4.7

* Percentage of gross advances and receivables

21. PREPAYMENTS, DEPOSITS AND OTHER DEBTORS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Deposits for property, plant and equipment	1,275	15,338
Rental and other deposits	22,507	19,664
Prepaid operating expenses	29,150	23,198
Other debtors	4,276	6,190
	<u>57,208</u>	<u>64,390</u>
Current portion included under current assets	<u>(40,436)</u>	<u>(34,092)</u>
Amount due after one year	<u>16,772</u>	<u>30,298</u>

22. CREDITORS AND ACCRUALS

The aged analysis of creditors presented based on the invoice date at the end of the reporting period is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than 1 month	64,151	68,355
Over 1 month but less than 3 months	1,794	1,877
Over 3 months	3,172	5,895
	<u>69,117</u>	<u>76,127</u>

Included in creditors and accruals is deferred revenue in relation to customer loyalty programmes of **HK\$8,091,000** (2016: HK\$8,143,000).

23. BANK BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank loans, unsecured	<u>1,721,281</u>	<u>1,705,786</u>
Carrying amount repayable (<i>Note</i>)		
Within one year	240,000	560,786
Between one and two years	335,000	190,000
Between two and five years	1,071,281	870,000
Over five years	75,000	85,000
	<u>1,721,281</u>	<u>1,705,786</u>
Amount repayable within one year included under current liabilities	<u>(240,000)</u>	<u>(560,786)</u>
Amount repayable after one year	<u>1,481,281</u>	<u>1,145,000</u>

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

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2017		2016	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	813	67,374	57	128,578
Cross-currency interest rate swap	9,482	–	241	–
Interest rate caps	103	–	1,187	–
	<u>10,398</u>	<u>67,374</u>	<u>1,485</u>	<u>128,578</u>
Current portion	(44)	(650)	(241)	(22,364)
	<u>10,354</u>	<u>66,724</u>	<u>1,244</u>	<u>106,214</u>

All derivative financial instruments entered by the Group that remain outstanding at 28th February 2017 and 29th February 2016 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.

Details of major derivative financial instruments for hedging purposes are as follows:

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 swap

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

25. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the year ended 28th February 2017 and 29th February 2016:

	Accelerated tax depreciation <i>HK\$'000</i>	Impairment allowances <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.3.2015	15,308	(9,339)	5,969
Charge to profit or loss for the year	<u>1,760</u>	<u>1,814</u>	<u>3,574</u>
At 29.2.2016	17,068	(7,525)	9,543
(Credit) charge to profit or loss for the year	<u>(3,413)</u>	<u>442</u>	<u>(2,971)</u>
At 28.2.2017	<u>13,655</u>	<u>(7,083)</u>	<u>6,572</u>

26. COLLATERALISED DEBT OBLIGATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Tranche A	550,000	550,000
Tranche B	550,000	550,000
Tranche C	<u>150,000</u>	<u>150,000</u>
	1,250,000	1,250,000
Less: Upfront cost	<u>–</u>	<u>(218)</u>
	1,250,000	1,249,782
Amount repayable within one year included under current liabilities	<u>–</u>	<u>(549,782)</u>
Amount repayable after one year	<u>1,250,000</u>	<u>700,000</u>

- a) The Group entered into a HK\$1,250,000,000 collateralised debt obligation financing transaction (the “Transaction”). The Transaction consists of three tranches – Tranche A, Tranche B and Tranche C. The revolving period for Tranche A and Tranche B ended in January 2016 and January 2017 respectively while the revolving periods for Tranche C will end in July 2020. The three tranches are arranged at floating interest rates from 0.35% plus Hong Kong Interbank Offered Rate (“HIBOR”) per annum to 0.55% plus HIBOR per annum, thus exposing the Group to cash flow interest rate risk. Three corresponding interest rate swaps with similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, are arranged to swap these three tranches from floating rates to fixed rates from 3.2% to 3.9% per annum.

- b) In September 2014, the Group extended the revolving periods of Tranche A and Tranche B by entering into two new tranches – New Tranche A and New Tranche B. The revolving period for New Tranche A and New Tranche B started from February 2016 and February 2017 respectively and both end in August 2019. The two tranches under New Tranche A and New Tranche B are arranged at floating interest rates of 0.40% plus HIBOR per annum, thus exposing the Group to cash flow interest rate risk. Two corresponding new interest rate swaps with similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, are arranged to swap these two new tranches from floating rates to fixed rates at 3.5% to 3.8% per annum. The effective interest rate after taking into account the executed interest rate swaps was 3.7% (2016: 3.7%) per annum during the year.
- c) Pursuant to the Transaction, the Group transferred credit card receivables in Hong Kong to Horizon Master Trust (AEON 2006-1) (the “Trust”) established and operated in Hong Kong solely for this financing purpose of which the lender, an independent third party, is also the trustee. The Group is the sole beneficiary of the Trust, which holds the entire undivided interest in the credit card receivables transferred. In accordance with HKFRS 10 *Consolidated Financial Statements*, the Trust is controlled by the Group and the results thereof are consolidated by the Group in its consolidated financial statements. According to HKAS 39 *Financial Instruments: Recognition and Measurement*, both assets transferred and debt issued under the Transaction have not been derecognised and remained in the Group’s consolidated financial statements. The Transaction is backed by the credit card receivables transferred and with the carrying amount denominated in HKD.

27. PLEDGE OF ASSETS

At 28th February 2017, the collateralised debt obligation was secured by credit card receivables and restricted deposits of **HK\$1,488,199,000** and **HK\$183,216,000** respectively (2016: HK\$1,670,046,000 and HK\$38,000,000).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Monday, 19th June 2017 to Friday, 23rd June 2017, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2017 AGM, all transfers of share accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 16th June 2017.

For the purpose of determining the shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed on Thursday, 29th June 2017, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of share accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 28th June 2017.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 28th February 2017, with the exceptions of code provisions A.4.1 and A.4.2 which are explained below.

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The second limb of code provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company's Non-executive Directors are not appointed for a specific term and Directors are not subject to retirement by rotation. However, all Directors, including executive, non-executive and independent non-executive, are subject to retirement at each annual general meeting of the Company in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a profit attributable to owners of HK\$298.8 million for the year ended 28th February 2017, representing an increase of 19.5% or HK\$48.8 million when compared to HK\$250.0 million for the year ended 29th February 2016. The Group's basic earnings per share increased by 11.66 HK cents from 59.69 HK cents per share in 2015/16 to 71.35 HK cents per share in 2016/17.

Under the uncertain economic environment, the Group continued to exercise cautious approach on credit approval and focus on asset quality management. This led to a slowdown on the growth of advances and receivables. As a result, the Group recorded a decrease in interest income of 3.0% or HK\$32.7 million, from HK\$1,107.6 million in the previous year to HK\$1,074.9 million in the current year, whilst the Group's interest expense decreased mainly due to lower average funding costs. Consequently, the net interest income of the Group for 2016/17 was HK\$984.2 million when compared with HK\$1,012.9 million of 2015/16.

Following the restructuring of the Group's insurance business and coupled with the negative impact of bogus phone calls on telemarketing sales, the insurance commission decreased by 35.0% or HK\$10.8 million for the current year. Notwithstanding the increase in handling and late charges, the overall other operating income in the current year was HK\$162.5 million when compared with HK\$162.6 million in previous year.

During the current financial year, the Group exercised tight control on general administrative expenses and marketing and promotion expenses. Following the review of manpower requirement and the necessary adjustment made in the second half of last financial year, staff costs decreased by HK\$18.7 million when compared with the previous financial year. This led to a decrease in overall operating expenses by 10.8% from HK\$606.1 million in 2015/16 to HK\$540.5 million in 2016/17.

In order to avoid any adverse impact on the value of the collateral arising from economic uncertainty and to improve the efficiency of the credit management manpower, the Group had sold all secured receivables and certain written-off portfolio and recorded a gain on sale of advances and receivables of HK\$21.1 million in the current year.

At the operating level before impairment allowances, the Group recorded an operating profit of HK\$626.3 million in the current year, representing an increase of 11.8% from HK\$560.0 million in the previous year. During the year under review, the Group's cautious credit judgment and asset quality management had resulted in a decrease in impairment losses and impairment allowances of 6.0% or HK\$18.1 million from HK\$301.9 million in 2015/16 to HK\$283.9 million in 2016/17.

In January 2017, the Group announced the winding up of AEON Credit Guarantee (China) Co., Ltd. ("ACG"), a company established in the People's Republic of China ("PRC") and an associate company, by way of voluntary liquidation under the law of PRC. Therefore, the Group recorded an impairment loss on the net investments of the Group in ACG of HK\$8.6 million in the current year.

The Group recorded a decrease in its receivables by HK\$194.7 million to HK\$5,080.8 million as at 28th February 2017, when compared to HK\$5,275.4 million as at 29th February 2016. Impairment allowances amounted to HK\$101.1 million as at 28th February 2017, when compared to HK\$136.3 million as at 29th February 2016. Total equity was strengthened by 7.8% to HK\$2,742.1 million as at 28th February 2017 mainly due to increase in accumulated profits and reserves.

Segment Information

The Group's business comprises mainly four operating segments, namely, credit card, instalment loan, insurance and hire purchase. For the year ended 28th February 2017, credit card operation accounted for 69.2% of the Group's revenue, as compared to 67.6% in the previous financial year. For segment results, credit card operation in 2016/17 accounted for 79.3% of the Group's whole operations, as compared to 83.3% in the previous financial year.

During the year under review, the Group continued to focus on strengthening the customer value for our credit card customers and maintain our competitiveness in the credit card market. Notwithstanding the sluggish economic growth, the revenue from credit card operation maintained at similar level in this financial year as compared to previous financial year, being HK\$850.1 million in 2016/17 as compared with HK\$851.2 million in 2015/16. With our effective control on operating expenses, coupled with the gain on sale of advances and receivables during the year, the result for credit card segment recorded an increase of 18.8% or HK\$51.4 million from HK\$273.5 million in previous financial year to HK\$324.9 million in 2016/17.

The stagnant growth of loan portfolio in Hong Kong resulted in the decrease of revenue from instalment loan operation by 5.0% or HK\$18.9 million from HK\$376.7 million in the previous financial year to HK\$357.7 million in 2016/17. However, with the improvement in impairment losses and impairment allowances and disciplined control on operational costs, the segment result for the year from instalment loan operation recorded an increase of HK\$31.2 million from HK\$48.7 million in 2015/16 to HK\$79.9 million in the current financial year.

Following the restructuring of the Group's insurance business and coupled with the negative impact of bogus phone calls on telemarketing sales, revenue from insurance operation recorded a drop of 34.5% or HK\$10.7 million from HK\$30.9 million in the previous financial year to HK\$20.3 million in 2016/17. Notwithstanding the decrease in operating expenses, the insurance segment result for the year ended 28th February 2017 still recorded a decrease of 21.0% or HK\$1.3 million from HK\$6.0 million in the previous financial year to HK\$4.8 million for the year ended 28th February 2017.

With a continuous shift from hire purchase to card instalment plan, the contribution from hire purchase operation accounted for an insignificant portion of the Group's revenue and segment results.

In relation to the geographical information, revenue from Hong Kong operations decreased from HK\$1,201.9 million in 2015/16 to HK\$1,170.2 million in 2016/17 mainly attributable to the continuous focus on asset quality management. Nevertheless, the segment results recorded an increase of HK\$64.0 million from HK\$361.1 million in 2015/16 to HK\$425.1 million in 2016/17 mainly due to the exercise of tight cost control and improvement on impairment losses and impairment allowances. In 2016/17, the Group's China business prioritized the

improvement of asset quality and focused on the enhancement of operation efficiency over rapid expansion of sales. Despite the prudent goal of controlling debt quality, revenue from China operations increased by HK\$0.9 million from HK\$57.0 million in 2015/16 to HK\$57.9 million in 2016/17, and the segment results showed significant improvement with a year-over-year reduction in loss of HK\$17.4 million.

Business Review

In spite of Hong Kong's lackluster economic growth and the visible decline in tourist arrivals for 2016, the Group has maintained the commitment to our long term strategy. Our card credit purchase sales recorded a growth of 4.3% in contrast to the 8.1% drop in the value of retail sales in Hong Kong. The Group's ongoing profit and balance sheet growth is the result of careful and consistent investments made over many years. At the same time, our emphasis on operation efficiency and productivity has ensured that cost reduction or budgetary growth is justified for the period.

The core of the Group's operation continued to benefit from the improvement and strengthening of our business model. Through disciplined cost control and improvement in operational efficiencies, the Group managed to reduce operation expenditure levels significantly. The business has also been improved through lean operating initiatives and has realized savings on previously restructured activities, such as advertising and operational expenses.

The Group achieved an overall satisfactory performance with strong growth in net profits. As expected, during the period under review, the Federal Reserve increased interest rates, prompting consumers and businesses accessing credit to make purchases and plan their finances to tread prudently. However, the recent rate hikes have not had a significant negative impact on our results.

The Sales Team has brought further enhancements to our products and services. Continued growth in overseas sales and premium branded cards was partially offset by anticipated lower sales of personal loan products.

Exclusive member events such as the AEON Ocean Park Halloween Joyful Event, AEON Royal Caribbean International Promotion, and the AEON Lunar New Year Joyful Event were well received by the public and presented the Company with opportunities to reach out and engage our customers.

The Group's network comprises 21 branches and 181 ATMs. Instant card issuing capability has been rolled-out across our branch network and is available with four card types – Visa, MasterCard, JCB and UnionPay. Moreover, customers can now settle payment via JET PAYMENT at JETCO ATMs.

Complete remodeling work was carried out at the Company's Kornhill and Whampoa locations to better respond to the changing needs of today's customers, including the highly digital and premium segments. Transformation will continue across our branch network, with planning decisions continuing to evolve with modern technology positioned for improved customer experiences.

Location assessment and business performance is analyzed regularly to improve coverage and service efficiency.

The Group continued to pave the way toward digitalization. We have developed and invested in IT solutions to provide users with tailored products. New technologies for analyzing big data and networking vehicles have also been necessitated.

Data security is a key concern for the Group's IT function, therefore we insist on the highest security standards and state-of-the-art technical tools to minimize the risk of compromising data confidentiality.

Prospects

The combination of geopolitical volatility and fragile economic recovery in parts of the world means the risk of market volatility, and economic shock, remains heightened. At the same time, recent trends in the Hong Kong economy are less negative. Our goal as a prominent consumer finance company is to maintain a focus on the long term, whilst ensuring that we can withstand nearer term impacts.

Our influence to the growth of Hong Kong's consumer finance sector must continue to be the combination of strength and innovation that has served us well through global volatility. We will continue to manage our balance sheet, and our expenditure, conservatively. Moreover, we will continue to invest confidently into new and faster growing segments and technologies to underpin future growth, so we can play our part in the bright future that we see in the local economy.

We are continuing to grow the Group. We are outperforming our markets by driving sales, investing in new technologies, and expanding our product offerings in this fast-moving market. A strong cash flow performance and our robust balance sheet support our well-defined growth strategy.

The Group has a unique and strong position in the market in which it operates, and the Board remains confident about future growth prospects. We are well-funded and look forward to a satisfactory performance in next year.

FUNDING AND CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that:

- the Group will continue as a going concern,
- maximise the return to shareholders through the optimisation of the debt and equity balance and by pricing products commensurate with the level of risk; and
- funds are available at competitive costs to meet all contractual financial commitments, to fund debtor balance growth and to generate reasonable funds from available funds.

The capital structure of the Group consists of debt (which includes bank borrowings and collateralised debt obligation), and equity attributable to owners of the Group (comprising share capital and reserves).

Net debt to equity ratio

The net debt to equity ratio at the year end was as follows:

	2017 HK\$'000	2016 HK\$'000
Debt (Note a)	2,971,281	2,955,568
Cash and cash equivalents	<u>(602,090)</u>	<u>(349,283)</u>
Net debt	2,369,191	2,606,285
Equity (Note b)	2,742,071	2,543,572
Net debt to equity ratio	<u>0.9</u>	<u>1.0</u>

Notes:

- (a) Debt comprises bank borrowings and collateralised debt obligation as detailed in notes 23 and 26 respectively.
- (b) Equity includes all capital and reserves of the Group.

The Group relies principally on its internally generated capital, bank borrowings and structured finance to fund its business. At 28th February 2017, 48.0% of its funding was derived from total equity, 30.1% from direct borrowings from financial institutions and 21.9% from structured finance.

The principal source of internally generated capital was from accumulated profits. At 28th February 2017, the Group had bank borrowings, including cross-currency syndicated term loan, amounted to HK\$1,721.3 million, with 16.8% being fixed in interest rates and 83.2% being converted from floating interest rates to fixed interest rates using interest rate swaps. Including the collateralised debt obligation, 8.1% of these indebtedness will mature within one year, 11.3% between one and two years, 78.1% between two and five years and 2.5% over five years. The duration of indebtedness was around 2.8 years.

The Group's bank borrowings and collateralised debt obligation were denominated in HKD, except for a syndicated term loan of USD50.0 million which was hedged by cross-currency interest rate swap.

The net asset of the Group at 28th February 2017 was HK\$2,742.1 million, as compared with HK\$2,543.6 million at 29th February 2016. Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

The Group's principal operations were transacted and recorded in HKD and therefore its core assets did not subject to any exposure on exchange rate fluctuation. During the year under review, the Group engaged in derivative financial instruments mainly to hedge exposure on interest rate and exchange rate fluctuations for its bank borrowings. At 28th February 2017, capital commitments entered were mainly related to the purchase of property, plant and equipment.

HUMAN RESOURCES

The total number of staff of the Group at 28th February 2017 and 29th February 2016 was 585 and 622 respectively. Employees are remunerated according to the job nature and market trends, with annual increment to reward and motivate individual performance. Apart from medical insurance and provident fund, discretionary bonuses are awarded to employees based on individual performance and the financial performance of the Group.

The Group also provides in-house training programs and external training sponsorships to strengthen its human resources. The in-house training programs include the yearly general training on AEON Code of Conduct, which reconfirms the necessity of corporate ethics to create a shared set of values among employees. Moreover, new appraisal and promotion systems have been implemented to recognize individual performance and to provide career advancement opportunities to employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, there was no purchase, sale or redemption by the Company or its subsidiaries of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the annual results.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 28th February 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2016/17 annual report of the Group, containing the relevant information required by the Listing Rules, will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

BOARD OF DIRECTORS

At the date of this announcement, the Board comprises Mr. Hideo Tanaka (Managing Director), Ms. Koh Yik Kung, Mr. Kiyoshi Wada, Mr. Tomoharu Fukayama and Mr. Toru Hosokawa as Executive Directors; Mr. Takamitsu Moriyama (Chairman) as Non-executive Director; and Mr. Lee Ching Ming, Adrian, Mr. Wong Hin Wing and Mr. Kenji Hayashi as Independent Non-executive Directors.

By order of the Board
Hideo Tanaka
Managing Director

Hong Kong, 27th April 2017