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AEON STORES (HONG KONG) CO., LIMITED
永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00984)

MAJOR TRANSACTION – DISPOSAL OF PROPERTY

THE DISPOSAL

Reference is made to the announcement of the Company dated 17 September 2014 in relation to a possible disposal of a fixed asset of the Company. The Board is pleased to announce that on 9 October 2014, the Company, as the Vendor, has entered into a conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Property at a Purchase Price of HK\$633,800,000. The Property is located at Nos. 24-28 Kung Yi Street, Kwai Chung, New Territories, Hong Kong.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Company in respect of the Disposal is or are more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to Shareholders' approval pursuant to Rule 14.40 of the Listing Rules. The Company has obtained a written approval of the Disposal from AEON Co., Ltd., the majority shareholder of the Company, which holds and is the beneficial owner of 177,500,000 issued shares in the Company, representing approximately 68.27% of total issued share capital as at the date of this announcement. By reason of the written approval of the majority shareholder of the Company, an extraordinary general meeting of the Company to approve the Disposal is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

A circular containing, inter alia, the information required under the Listing Rules in respect of the Disposal will be despatched to the Shareholders on or before 30 October 2014.

THE SALE AND PURCHASE AGREEMENT

On 9 October 2014, the Company, as the Vendor, has entered into a conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Property at a Purchase Price of HK\$633,800,000.

Parties

- (1) The Company, as the Vendor; and
- (2) Prosperity Development Limited, as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The principal business activity of the Purchaser is investment holding. There is no prior transaction and relationship between the Company and the Purchaser and its associates in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Consideration and Payment Terms

The consideration for the Disposal is HK\$633,800,000, which has been, or is to be, paid in the following manner:

- (1) HK\$20,000,000, being the first deposit and part payment of the Purchase Price, was paid by the Purchaser to the Company on 9 October 2014;
- (2) HK\$43,380,000, being a further deposit and part payment of the Purchase Price, will be paid by the Purchaser to the Company on or before 23 October 2014; and
- (3) HK\$570,420,000, being the balance of the Purchase Price, will be paid by the Purchaser to the Company upon Completion, which shall take place on or before 29 April 2015.

The Purchase Price has been determined after arm's length negotiations between the Vendor and the Purchaser by reference to the prevailing market conditions, the location of Property and the transacted prices of other market comparables.

Condition

The sale and purchase of the Property under the Sale and Purchase Agreement is conditional on the Vendor having obtained the approval of its majority shareholders by way of ordinary resolution at general meeting or a written shareholder's approval. Such condition has been satisfied as at the date of this announcement.

Completion

Completion of the Disposal shall be taken place on or before 29 April 2015 or a date to be mutually agreed between the Purchaser and the Vendor.

Other provisions

With respect to the Disposal, the Sale and Purchase Agreement also contains provisions on representations, warranties, undertakings and indemnities which are usual and customary for a transaction of this nature and scale.

INFORMATION OF THE PROPERTY

The Property is located at Nos. 24-28 Kung Yi Street, Kwai Chung, New Territories, Hong Kong. The Property was acquired by the Company in January 2011 for long-term investment purpose.

The Property is currently subject to an existing tenancy agreement at an effective monthly rental (exclusive of rates and government rent) of approximately HK\$1.65 million.

The net profit before taxation attributable to the Property for the two financial years ended 31 December 2012 and 2013 were approximately HK\$119,515,000 and HK\$59,765,000 respectively. The net profit after taxation attributable to the Property for the financial years ended 31 December 2012 and 2013 were approximately HK\$117,435,000 and HK\$57,699,000 respectively.

As disclosed in the last interim report of the Company for the six months ended 30 June 2014, the carrying value of the Property was approximately HK\$590million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider the Disposal to represent a good opportunity of the Company to realize its investment.

The Board expects that subject to Completion, the Group will record an additional gain of approximately HK\$39 million (unaudited), representing the difference between the Purchase Price and the carrying amount of the Property as disclosed in the last interim report of the Company for the six months ended 30 June 2014, less any transaction costs (if any) in its annual results for the year ending 31 December 2014 as a result of the Disposal. The net proceeds from the Disposal are intended to be used by the Group as general working capital.

The Board (including the independent non-executive Directors) considers the terms of the Disposal to be normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Company in respect of the Disposal is or are more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to Shareholders' approval pursuant to Rule 14.40 of the Listing Rules. The Company has obtained a written approval of the Disposal from AEON Co., Ltd., the majority shareholder of the Company, which holds and is the beneficial owner of 177,500,000 issued shares in the Company, representing approximately 68.27% of total issued share capital as at the date of this announcement. By reason of the written approval of the majority shareholder of the Company, an extraordinary general meeting of the Company to approve the Disposal is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

A circular containing, inter alia, the information required under the Listing Rules in respect of the Disposal will be despatched to the Shareholders on or before 30 October 2014.

GENERAL

The Group is principally engaged in the operation of retails stores in Hong Kong, Macau and PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates” has the meaning as ascribed to it under the Listing Rules

“Board”	the board of Directors
“Company”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00984)
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Disposal”	the disposal of the Property pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Property”	Kwai Chung Town Lot No.289 together with the messuages and buildings erected thereon now known as Wilson Logistics Centre situate at Nos. 24-28 Kung Yip Street, Kwai Chung, New Territories
“Purchase Price”	HK\$633,800,000, being the total purchase price for the Property
“Purchaser”	Prosperity Development Limited, a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and Macau
“Sale and Purchase Agreement”	the conditional agreement for the sale and purchase of the Property, by and among, the Company and the Purchaser as constituted by an offer letter dated 28 August 2014 issued by the Purchaser to the Vendor and a notice of acceptance dated 9 October 2014 issued by the Vendor to the Purchaser accepting such offer
“Shareholder(s)”	registered holder(s) of the ordinary share(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“Vendor” the Company
“%” per cent

By order of the Board
AEON Stores (Hong Kong) Co., Limited
CHAN Pui Man, Christine
Managing Director

Hong Kong, 9 October 2014

As at the date of this announcement, the executive Directors are Ms. Chan Pui Man, Christine, Mr. Junichi Suzuki, Mr. Yoshiaki Mizushima and Mr. Chak Kam Yuen; the non-executive Directors are Mr. Yoshinori Okuno, Mr. Yutaka Agawa, Ms. Yuki Habu and Mr. Kazuhiko Yasukawa; and the independent non-executive directors are Mr. Sham Sui Leung, Daniel, Ms. Cheng Yin Ching, Anna, and Ms. Chan Yi Jen Candi Anna and Ms. Lo Miu Sheung, Betty.