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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: 984)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
NEW POINT CARD SERVICE AGREEMENT**

The Board wishes to announce that on 18 December 2014, ASC and AIS entered into the Service Agreement, pursuant to which AIS shall provide services in relation to the establishment and maintenance of the New Point Cards and other related services to ASC, and ASC shall pay service fees to AIS in respect of the services provided under the Service Agreement.

As of the date of this announcement, AIS is owned as to 50% by each of AEON Financial Service and AEON Credit HK which in turn are owned as to 41.54% and 67%, respectively by AEON Co, a controlling shareholder of the Company. Accordingly, the transactions contemplated under the Service Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps in respect of the Service Agreement (whether on a standalone basis or in aggregate with the annual caps under the Renewed Outsourcing Agreement) exceed 0.1% but are below 5%, the transactions thereunder are subject to annual review and all disclosure requirements under the Listing Rules and are exempt from shareholders' approval requirements under the Listing Rules.

1. INTRODUCTION

The Board wishes to announce that on 18 December 2014, ASC and AIS entered into the Service Agreement, pursuant to which AIS shall provide services in relation to the establishment and maintenance of the New Point Cards and other related services to ASC, and ASC shall pay service fees to AIS in respect of the services provided under the Service Agreement.

2. THE SERVICE AGREEMENT

Date

18 December 2014

Parties

ASC, a wholly-owned subsidiary of the Company, and AIS

Nature of transaction

Pursuant to the Service Agreement, AIS shall provide services in relation to the establishment and maintenance of the New Point Cards and other related services to ASC, including, but not limited to, the recruitment of new card members and organization of promotion activities, processing of card application data (including new applications and change of member data), provision of information on point balance and issue of monthly account statements, management of member data and provision of analysis of such data as required by ASC, provision of hotline services, and provision of computer system for the New Point Cards.

Service fees

In consideration of the services provided by AIS under the Service Agreement, ASC shall pay services fees to AIS, including a handling fee of RMB2.5 for the successful recruitment of each new member, a service fee of RMB1.0 for data processing of each member (including new applications and change of member data), and a commission fee of 0.3% of the sales amount arising from the purchases made by members of the New Point Cards.

The services fees shall be paid by ASC to AIS on a monthly basis based on the information provided by AIS and confirmed by ASC including the number of new members recruited, the number of member data processed in each month, and the sales amount arising from the purchases made by members of the New Point Cards in that month.

In negotiating and agreeing the service fees, the Company took into account the price and terms of similar types of such individual services that may be provided by third parties, and the prevailing rates were thus determined with reference to the fee quotes obtained on the individual services.

Term

The Service Agreement has a term of three (3) years commencing on 18 December 2014 and ending on 17 December 2017, subject to early termination as governed by the terms of the Service Agreement.

3. THE ANNUAL CAPS

The total service fees payable by ASC to AIS under the Service Agreement will not exceed the annual caps set out below:

Financial Year/Period	Annual Caps (RMB)
18 December 2014 to 31 December 2014	RMB250,000
1 January 2015 to 31 December 2015	RMB3,000,000
1 January 2016 to 31 December 2016	RMB3,200,000
1 January 2017 to 17 December 2017	RMB4,000,000

The annual caps have been determined with reference to the anticipated number of new applications and anticipated sales amount arising from the purchases to be made by members of the New Point Cards.

4. REASONS FOR AND BENEFITS OF THE SERVICE AGREEMENT

The Directors consider that the entering into of the Service Agreement will help the Company enhance services provided to its cardholders, enhance customer loyalty, improve sales and expand the cardholder database and enable the Company to run its business more efficiently. Since AIS have been providing reliable and satisfactory services to the Company for the AEON Cards and are familiar with the Company's operations and objectives, the Directors believe that the Company should continue to engage AIS for the New Point Cards.

The terms of the Service Agreement have been reached after arm's length negotiations between the relevant parties. The Directors, including all the independent non-executive Directors, consider that the terms of the Service Agreement are on normal commercial terms, are fair and reasonable and in the interest of the Company and its shareholders as a whole and have been entered into in the ordinary and usual course of the business of the Group.

At a Board meeting convened to consider the Service Agreement, Mr. Junichi Suzuki, Mr. Yoshiaki Mizushima, Mr. Yoshinori Okuno, Mr. Yutaka Agawa, Ms. Yuki Habu and Mr. Kazuhiko Yasukawa were regarded as potentially having a material interest in the Service Agreement and accordingly abstained from voting on the relevant resolutions.

5. GENERAL

ASC is principally engaged in the operation of general merchandise stores. AIS is principally engaged in the provision of call centre services.

6. LISTING RULES IMPLICATIONS

As of the date of this announcement, AIS is owned as to 50% by each of AEON Financial Service and AEON Credit HK which in turn are owned as to 41.54% and 67%, respectively by AEON Co, a controlling shareholder of the Company. Accordingly, the transactions contemplated under the Service Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps in respect of the Service Agreement (whether on a standalone basis or in aggregate with the annual caps under the Renewed Outsourcing Agreement) exceed 0.1% but are below 5%, the transactions thereunder are subject to annual review and all disclosure requirements under the Listing Rules and are exempt from shareholders' approval requirements under the Listing Rules.

7. DEFINITIONS

In this announcement, the following expressions have the respective meanings set out below unless the context requires otherwise:

“AEON Card(s)”	the Group’s house card(s) with credit function using which the holders of the card may make credit purchases
“AEON Co”	AEON Co., Ltd., a company incorporated in Japan with limited liability and the issued shares of which are listed on the Tokyo Stock Exchange
“AEON Credit HK”	AEON Credit Service (Asia) Co., Ltd., a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and is owned as to 67% by AEON Co
“AEON Financial Service”	AEON Financial Service Co., Ltd. (formerly known as AEON Credit Service Co., Ltd.), a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc. and is owned as to 41.54% by AEON Co
“AIS”	永旺資訊服務(深圳)有限公司 (AEON Information Services (Shenzhen) Co., Ltd), a company incorporated in the PRC and owned as to 50% by each of AEON Financial Service and AEON Credit HK which in turn are owned as to 41.54% and 67% by AEON Co respectively

“ASC”	永旺華南商業有限公司 (AEON South China Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Point Card(s)”	the card(s) issued by ASC using which the holder(s) of the card(s) may earn points, enjoy special discounts, point redemption and other member privileges from time to time offered by ASC when making purchases in the designated stores of ASC
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Renewed Outsourcing Agreement”	the renewed outsourcing agreement entered into on 30 August 2011 and as amended from time to time, by, among others, certain members of the Group (including ASC) and AIS in relation to certain services provided by AIS for the AEON Card(s), details of which are set out in the announcements of the Company dated 30 August 2011, 13 April 2012, 26 July 2013 and 22 July 2014

“Service Agreement” the new point card service agreement (新積分卡業務委託代理協議) entered into between ASC and AIS on 18 December 2014

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 18 December 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.