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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 CONNECTED TRANSACTION SAP SYSTEM FEES AGREEMENT**

The Board wishes to announce that on 9 December 2016, the Existing User Companies entered into the SAP System Fees Agreement with the New User Companies, pursuant to which each New User Company shall pay a Fee to each Existing User Company, as contribution to the Costs, for usage of the SAP System.

As at the date of this announcement, each New User Company is a subsidiary of AEON Co, the controlling shareholder of the Company and therefore a connected person of the Company. The Existing User Companies include, among others, the Company, AEON GD and ASC (being subsidiaries of the Company). Accordingly, the SAP System Fees Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for Fees payable to the Group under the SAP System Fees Agreement (i.e. the Group's Receipt) exceed 0.1% but are less than 5%, the SAP System Fees Agreement is subject to the applicable disclosure requirements under Chapter 14A of the Listing Rules and are exempt from shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **1. BACKGROUND**

Each of the Existing User Companies (including members of the Group) entered into separate agreements with two independent consulting companies, which assisted with the deployment, customizing, upgrading and perfecting the implementation of the SAP System to cater for business processes and financial reporting of the Existing User Companies. The costs incurred by the Existing User Companies for the development of the SAP System amounted to a total of RMB23,380,000 (the "Costs"), and were shared equally between the Existing User Companies.

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## **2. THE SAP SYSTEM FEES AGREEMENT**

### **Date**

9 December 2016

### **Parties**

- (a) the Company, AEON GD, ASC, Qingdao AEON and Beijing AEON (i.e. the Existing User Companies); and
- (b) AEON China, Huadong AEON and Hubei AEON (i.e. the New User Companies).

### **Nature of transaction**

Each New User Company shall pay a one-off Fee of RMB584,500 to each Existing User Company as contribution to the Costs. In return, each New User Company shall be allowed to implement and use the SAP System.

### **Fee Payment**

The Group shall receive a total amount of RMB5,260,500 (the “**Group’s Receipt**”) pursuant to the SAP System Fees Agreement. Unless otherwise agreed between the parties, each Existing User Company shall provide each New User Company with an invoice and such New User Company shall pay the Fee by wire transfer to the relevant Existing User Company within 45 days of after the date of such invoice.

## **3. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Company considers that the entering into of the SAP System Fees Agreement and consequent contribution by the New User Companies to the Costs will reduce the actual amounts invested by the Group into the SAP System, enhance efficiency within the Group and achieve better economies of scale.

The terms of the SAP System Fees Agreement have been reached after arm’s length negotiations between the relevant parties. The Directors (including the independent non-executive Directors) consider that (i) the entering into of the SAP System Fees Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the SAP System Fees Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

At a Board meeting convened to consider the SAP System Fees Agreement, Mr. Yoshiaki Mizushima, Mr. Hideaki Yajima, Ms. Yuki Habu, Mr. Shinya Wako and Ms Chan Pui Man, Christine were regarded as potentially having a material interest in the SAP System Fees Agreement and accordingly abstained from voting on the relevant resolutions.

## **4. INFORMATION ON THE PARTIES**

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

Qingdao AEON is principally engaged in the operation of general merchandise stores in Qingdao in the PRC.

Beijing AEON is principally engaged in the operation of general merchandise stores in Beijing and Tianjin in the PRC.

AEON China is principally engaged in the business of investment holdings in the PRC.

Huadong AEON is principally engaged in the operation of general merchandise stores in Zhejiang and Jiangsu in the PRC.

Hubei AEON is principally engaged in the operation of general merchandise stores in Hubei in the PRC.

## 5. LISTING RULES IMPLICATIONS

As at the date of this announcement, each New User Company is a subsidiary of AEON Co, the controlling shareholder of the Company and therefore a connected person of the Company. The Existing User Companies include, among others, the Company, AEON GD and ASC (being subsidiaries of the Company). Accordingly, the SAP System Fees Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for Fees payable to the Group under the SAP System Fees Agreement (i.e. the Group's Receipt) exceed 0.1% but are below than 5%, the SAP System Fees Agreement is subject to the applicable disclosure requirements under Chapter 14A of the Listing Rules and are exempt from shareholders' approval requirements under Chapter 14A of the Listing Rules.

## 6. DEFINITIONS

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

“AEON China”	永旺(中國)投資有限公司 (AEON (China) Investment Co., Ltd), a company incorporated in the PRC and wholly owned by AEON Co
“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 GD”	廣東永旺天河城商業有限公司 (Guangdong AEON Teem Stores Co., Ltd.), a company incorporated in the PRC and owned as to 65% by the Company
“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
“associates”	has the meaning ascribed thereto under the Listing Rules
“Beijing AEON”	永旺商業有限公司 (Beijing AEON Co., Ltd.), a company established in the PRC and owned as to 54.3% by AEON Co and 45.7% by AEON China
“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
“Existing User Companies”	the Company, ASC, AEON GD, Qingdao AEON and Beijing AEON (each an “Existing User Company”)
“Fee”	an amount of RMB584,500 payable by each New User Company to each Existing User Company pursuant to the SAP System Fees Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“Huadong AEON”	永旺華東(蘇州)商業有限公司 (AEON Huadong (Suzhou) Co., Ltd), a company incorporated in the PRC and wholly owned by AEON China
“Hubei AEON”	永旺(湖北)商業有限公司 (AEON (Hubei) Co., Ltd), a company incorporated in the PRC and wholly owned by AEON China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region, PRC
“New User Companies”	AEON China, Huadong AEON and Hubei AEON (each a “New User Company”)
“PRC”	the People’s Republic of China
“Qingdao AEON”	青島永旺東泰商業有限公司 (Qingdao AEON Dongtai Co., Ltd.), a company established in the PRC and owned as to 60% by AEON Co
“RMB”	Renminbi, the lawful currency of the PRC
“SAP System”	the financial accounting system platform deployed, further customized and upgraded by two independent consulting companies engaged by the Existing User Companies
“SAP System Fees Agreement”	the agreement entered into between the Existing User Companies and the New User Companies on 9 December 2016 in relation to the Fees payable for use of the SAP System
“Shareholder(s)”	registered holders of the Shares from time to time
“Shares”	shares of the Company

“Stock Exchange”      The Stock Exchange of Hong Kong Limited  
“User Companies”      the Existing User Companies and New User Companies

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

Hong Kong, 9 December 2016

*As at the date of this announcement, the executive Directors are Ms. Chan Pui Man, Christine, Mr. Yoshiaki Mizushima, Mr. Hideaki Yajima and Mr. Chak Kam Yuen; the non-executive Directors are Ms. Yuki Habu and Mr. Shinya Wako; and the independent non-executive Directors are Ms. Cheng Yin Ching, Anna, Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty and Mr. Chow Chi Tong.*