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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 IN RELATION TO  
G FOOT MASTER PURCHASE AGREEMENT**

Reference is made to the announcement of the Company dated 5 May 2016 in relation to, among other things, the Previous G Foot Master Purchase Agreement. The Board is pleased to announce that on 29 January 2019, the Company entered into the G Foot Master Purchase Agreement with G Foot on substantially the same terms as the Previous G Foot Master Purchase Agreement.

As at the date of this announcement, G Foot is a connected person of the Company by virtue of its being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the G Foot Master Purchase Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the proposed cap under the G Foot Master Purchase Agreement are 0.1% or more but less than 5%, the transactions under the G Foot Master Purchase Agreement are subject to the reporting, announcement and annual review requirements and are exempt from Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 5 May 2016 in relation to, among other things, the Previous G Foot Master Purchase Agreement. The Board is pleased to announce that on 29 January 2019, the Company entered into the G Foot Master Purchase Agreement with G Foot on substantially the same terms as the Previous G Foot Master Purchase Agreement.

## **2. TERMS OF THE G FOOT MASTER PURCHASE AGREEMENT**

### **Date**

29 January 2019

### **Parties**

- (i) the Company; and
- (ii) G Foot.

### **Nature of Transactions**

G Foot will provide a variety of shoes merchandise to the Purchasers for sale to retail customers on a consignment basis at general merchandise stores of the Group.

### **Pricing**

The Purchaser(s) shall be entitled to a commission out of the proceeds from its sale of shoes merchandises provided by G Foot. The amount of such commission shall be no less than 10% to 16% of the sales proceeds and no less favourable than the commission rate offered by G Foot to its other consignee(s), if any. Subject to compliance with the Listing Rules, the parties may review and amend such rate of commission by mutual consent.

### **Rebates**

G Foot may, taking into account factors such as purchase volume, promotions from manufacturers, its budget, results and profits, grant rebates to the Purchaser(s) (as agreed mutually between the relevant parties) from time to time.

### **Purchase Contracts**

The Purchaser(s) shall enter into specific purchase contracts with G Foot, which adopt the terms and conditions set out in the G Foot Master Purchase Agreement and the standard terms and conditions of the relevant Purchaser in relation to the procurement of merchandise for sale on a consignment basis prevailing at the time of execution of such purchase contract. The purchase contracts will set out detailed terms (e.g. the payment terms) of the consignment.

### **Further Assistance**

For the purposes of facilitating the Group's sourcing of merchandises, which would enable the Group to efficiently provide its general merchandise stores and supermarket stores with required types and amounts of merchandise and maintain the competitiveness of its business, the Purchasers and G Foot shall, as may be practicable in the circumstances, share with each other (on a strictly need-to-know basis) information relating to the purchasing, selling, stocking, pricing and specifications of each other's merchandises. G Foot shall, upon request by members of the Group and within a reasonable period of time, further provide such market information and data as may be required. Both the Company and G Foot have undertaken to keep all such information and data received or exchanged confidential.

In addition, the Purchasers shall have the right to audit, cross-check and verify the books, records, financial practice, business and operational flow and practice, electronic/computer system(s) of G Foot.

### **Term**

The term of the G Foot Master Purchase Agreement shall be a period of three months commencing from 1 January 2019 and ending on 31 March 2019, provided that the parties to the G Foot Master Purchase Agreement may, subject to compliance with the Listing Rules, renew the G Foot Master Purchase Agreement.

### **Termination**

The G Foot Master Purchase Agreement may be terminated by 3 months' prior written notice by either party. On termination, each purchase contract then in force shall nevertheless continue in full force and effect for the remainder of the term of such purchase contract, unless terminated in accordance with the terms of such purchase contract.

## **3. THE CAP**

The historical amounts of the transactions between members of the Group and G Foot for each of the three years ended 31 December 2018 were approximately RMB8.3 million, RMB17.2 million and RMB21.0 million.

The proposed cap for the transactions under the G Foot Master Purchase Agreements for the three months ending 31 March 2019 is RMB7.6 million.

In arriving at the proposed cap, the Directors have taken into account various factors including the historical transaction amounts between the Group and G Foot, historical growth in the retail business of the Group and expected sales of the Group.

## **4. REASONS FOR AND BENEFITS OF THE G FOOT MASTER PURCHASE AGREEMENT**

The Group has been engaged in merchandise transactions with G Foot pursuant to the Previous G Foot Master Purchase Agreement in its ordinary and usual course of business. The continuing purchase of shoes merchandise from G Foot under the G Foot Master Purchase Agreement will enable the Group to continue to offer such merchandise for sale to retail customers.

The Directors consider that (i) entering into of the G Foot Master Purchase Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the G Foot Master Purchase Agreement are on normal commercial terms; and (iii) the terms of the G Foot Master Purchase Agreement and the proposed annual caps in respect of the Master Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

At a Board meeting convened to consider the G Foot Master Purchase Agreement, Ms. Yuki Habu, Mr. Masamitsu Ikuta, Mr. Keiji Tsukahara and Mr. Akinori Yamashita were regarded as potentially having a material interest in the G Foot Master Purchase Agreement and accordingly abstained from voting on the resolution.

## 5. LISTING RULES IMPLICATIONS

As at the date of this announcement, G Foot is a connected person of the Company by virtue of its being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the G Foot Master Purchase Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the proposed cap under the G Foot Master Purchase Agreement are 0.1% or more but less than 5%, the transactions under the G Foot Master Purchase Agreement are subject to the reporting, announcement and annual review requirements and are exempt from Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## 6. INFORMATION ON THE PARTIES

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

G Foot is principally engaged in the supply of a variety of shoes merchandise.

## 7. DEFINITIONS

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

“AEON Co”	AEON Co., Ltd., a company incorporated in Japan with limited liability, the issued shares of which are listed on the Tokyo Stock Exchange
“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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transactions”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“G Foot”	新腳步（北京）商貿有限公司, a company incorporated in the PRC and a subsidiary of AEON Co
“G Foot Master Purchase Agreement”	the master purchase agreement entered into between the Company and G Foot on 29 January 2019

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Previous G Foot Master Purchase Agreement”	the master purchase agreement entered into between the Company and G Foot on 5 May 2016, which expired on 31 December 2018
“Purchaser(s)”	the Company and any of its subsidiaries, each a “Purchaser”
“Shareholders”	registered holders of the Shares from time to time
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board of  
**AEON Stores (Hong Kong) Co., Limited**  
**Yuki Habu**  
*Chairman and Managing Director*

Hong Kong, 29 January 2019

*As at the date of this announcement, the executive Directors are Ms. Yuki Habu, Mr. Masamitsu Ikuta, Mr. Chak Kam Yuen, Mr. Lau Chi Sum Sam and Mr. Keiji Tsukahara; the non-executive Director is Mr. Akinori Yamashita; and the independent non-executive Directors are Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty, Mr. Chow Chi Tong and Mr. Hideto Mizuno.*