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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 TRANSACTIONS IN RELATION TO THE RENEWAL OF THE EXISTING MASTER SERVICES AGREEMENT**

Reference is made to the announcements of the Company dated 30 March 2011 and 6 June 2013 in relation to the Existing Master Services Agreement.

The Board is pleased to announce that on 1 January 2016 the Company entered into the Renewed Master Services Agreement with AEON Delight.

The duration of the Renewed Master Services Agreement shall be three years, thereafter automatically renewed every three years unless terminated by either party and subject to compliance with the relevant Listing Rules requirements.

Given that the Cap for each of the three years ending 31 December 2018 represents less than 5% of the applicable percentage ratios as defined in the Listing Rules, the Continuing Connected Transactions are subject to annual review and the applicable disclosure requirements under chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirements under chapter 14A of the Listing Rules.

#### **1. INTRODUCTION**

Reference is made to the announcements of the Company dated 30 March 2011 and 6 June 2013 in relation to the Existing Master Services Agreement.

The Company Group currently operates general merchandise stores and shopping malls in Hong Kong and the Guangdong Province of the PRC which from time to time require the Services in its ordinary and usual course of business. The Company Group selects providers for such Services with reference to prevailing market conditions and where appropriate, based on a procurement process conducted at arm's length basis, and make their selection based on normal commercial considerations. Pursuant to the Existing Master Services Agreement which is to expire on 31 December 2015, the Company Group has procured such services from AEON Delight Group in the past.

The Board is pleased to announce that on 1 January 2016 the Company entered into the Renewed Master Services Agreement with AEON Delight to renew and set out the framework for the continued future provision of the Services by the members of the AEON Delight Group. Under the Renewed Master Services Agreement, members of the AEON Delight Group will provide Services to the Company Group in Hong Kong, Macau and the PRC, as the case may be. Since AEON Delight is an indirect non-wholly-owned subsidiary of AEON, the controlling shareholder of the Company, the transactions under the Renewed Master Services Agreement constitute continuing connected transactions under the Listing Rules.

## 2. THE RENEWED MASTER SERVICES AGREEMENT

### *Date*

1 January 2016

### *Parties*

AEON Stores (Hong Kong) Co., Limited (the **Company**)

AEON Delight (China) Co., Ltd. (**AEON Delight**)

### *Duration*

The term of the Renewed Master Services Agreement shall be a period of three years commencing on the date of the Renewed Master Services Agreement and expiring on 31 December 2018, provided that the Renewed Master Services Agreement shall be automatically renewed every three years unless terminated by either party and subject to compliance with the relevant Listing Rules requirements.

### *Provision of Services*

Where a member of the AEON Delight Group is selected through relevant procurement process to provide the Services, the Company and/or the relevant member of the Company Group and the relevant member of the AEON Delight Group may from time to time (and AEON Delight shall procure such member of the AEON Delight Group to) enter into separate contracts setting out the detailed terms under which the relevant member of the AEON Delight Group shall provide, or procure to be provided, the Services to the Company and/or the relevant member of the Company Group. Such terms shall be on normal commercial terms, on an arm's length basis and are on comparable terms to which the Company and/or the relevant member of the Company Group procures the Services from independent third parties.

## 3. THE CAP AMOUNT

### **The Cap Amount**

The fees paid to the AEON Delight Group in the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 were RMB56,799,000, RMB63,669,000 and RMB34,441,000 and were subject to an annual cap of RMB160 million. Going forward, the Cap for the Continuing Connected Transactions for each of the years ending 31 December 2016, 2017 and 2018 shall be RMB80 million.

In arriving at the Cap, the Directors have taken into account historical transaction amounts, the expected business growth of the Company Group in the coming three years, the expected opening of new stores by the Company Group and the estimated success rate of AEON Delight being selected for the provision of the Services.

## 4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider that the continued engagement of members of the AEON Delight Group to provide the Services in the ordinary and usual course of business, subject to members of the AEON Delight Group being selected under the Company Group's procurement process, would allow the Company Group to import leading service knowhow from the AEON Delight Group, improve the Company Group's service quality to customers, enhance customer satisfaction when shopping at the Company Group's stores, reduce the Company Group's efforts in service alignment and enhance the Company Group's costs control and service level upgrading. The Directors are of the view that the entering into of the Renewed Master Services Agreement would continue to ensure

certainty in the entering of any future transactions with the AEON Delight Group for the provision of Services and also reduce the compliance procedures for each such future transaction.

The terms of the Renewed Master Services Agreement have been agreed after arm's length negotiations between the Company and AEON Delight. The Directors (including the independent non-executive Directors) are of the view that (i) entering into of the Continuing Connected Transactions is in the ordinary and usual course of business of the Group; (ii) the terms of the Continuing Connected Transactions are on normal commercial terms; and (iii) the terms of the Continuing Connected Transactions and the Cap are fair and reasonable and are in the interests of the independent shareholders and the Group as a whole.

At a Board meeting convened to consider the Renewed Master Services Agreement, Mr. Yoshiaki Mizushima, Mr. Hideaki Yajima, Ms. Yuki Habu and Mr. Shinya Wako were regarded as potentially having a material interest in the Renewed Master Services Agreement and accordingly abstained from voting on the relevant resolutions.

## **5. INFORMATION ABOUT THE PARTIES**

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

AEON is a public limited company incorporated in Japan and listed on the Tokyo Stock Exchange. AEON's subsidiaries and associated companies are principally engaged in the operation of general merchandise stores, the operation of specialty stores, the development of shopping centres as well as services and other operations in Japan and other Asian countries. AEON Delight is principally engaged in comprehensive facility management services, including a wide range of facilities management, maintenance, consulting, cleaning, security and material/supplies sourcing services.

## **6. LISTING RULES IMPLICATIONS**

As at the date of this announcement, AEON Delight is a connected person of the Company by virtue of its being an indirectly non-wholly owned subsidiary of AEON who is the controlling shareholder of the Company.

Given that the Cap for each of the three years ending 31 December 2018 represents less than 5% of the applicable percentage ratios as defined in the Listing Rules, the Continuing Connected Transactions are subject to annual review and the applicable disclosure requirements under chapter 14A of the Listing Rules and are exempt from independent shareholders' approval requirements under chapter 14A of the Listing Rules.

## **7. DEFINITIONS**

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

“AEON”	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 Delight”	AEON Delight (China) Co., Ltd. (formerly known as AEON Delight (Beijing) Co, Ltd), a company with limited liability established under the laws of the PRC and an indirect non-wholly-owned subsidiary of AEON
“AEON Delight Group”	AEON Delight, together with its PRC incorporated subsidiaries and related corporations

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Cap”	the maximum aggregate annual value for the fees and expenses payable to the AEON Delight Group by the Company Group pursuant to the Renewed Master Service Agreement for each of the three years ending 31 December 2018
“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
“Company Group”	the Company and its subsidiaries
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Renewed Master Services Agreement
“controlling shareholders”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Existing Master Services Agreement”	the master services agreement entered into between the Company and AEON Delight
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region, PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“PRC Subsidiaries”	means all PRC incorporated subsidiaries of the Company from time to time, including Guangdong Jusco Teem Stores Co., Ltd. and AEON South China Co., Ltd.
“Renewed Master Services Agreement”	the renewed master services agreement entered into between the Company and AEON Delight on 1 January 2016
“Services”	such services to be provided by the AEON Delight Group under the Renewed Master Services Agreement and further contracts, including comprehensive building / facilities management, maintenance and cleaning services, management consultation, business services, research, development and production of computer hardware and software, data processing and such other services in relation to retail stores, offices and/or other facilities/establishments operated by the Company Group in Hong Kong, Macau and the PRC as may be agreed by the parties from time to time

“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

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

Hong Kong, 1 January 2016

*As at the date of this announcement, the Executive Directors of the Company are Ms. Chan Pui Man, Christine, Mr. Yoshiaki Mizushima, Mr. Chak Kam Yuen and Mr. Hideaki Yajima; 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 and Ms. Lo Miu Sheung, Betty.*