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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 REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION NEW POINT CARD SERVICE AGREEMENT**

Reference is made to the announcement of the Company dated 18 December 2014 in relation to the Service Agreement entered into between ASC and AIS.

In view of the increase in: (i) the number of new members recruited; (ii) amount of member data processed in each month; and (iii) the sales amount arising from the purchases made by members of the New Point Cards in the period from 1 January 2016 to the date of this announcement, the Directors expect that the Original Annual Caps will be exceeded and therefore revised the Original Annual Caps.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Revised Annual Caps in respect of the Service Agreement exceed 0.1% but are below 5%, the transactions under the Service Agreement 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. BACKGROUND**

Reference is made to the announcement of the Company dated 18 December 2014 in relation to the Service Agreement entered into between ASC and AIS.

Pursuant to the Service Agreement, AIS provides services in relation to the establishment and maintenance of the New Point Cards and other related services to ASC, and ASC pays service fees to AIS in respect of the services provided under the Service Agreement.

The Service Agreement has a term of three (3) years, which commenced from 18 December 2014 and shall end on 17 December 2017. The key terms of the Service Agreement and the Original Annual Caps as set by the Company were disclosed in the Company's announcement dated 18 December 2014.

## 2. REVISION OF ANNUAL CAPS

The historical transaction amounts under the Service Agreement for the period from 18 December 2014 to 31 December 2014, for the year ended 31 December 2015 and for the period from 1 January 2016 to 31 August 2016 were, RMB15,188, RMB2,810,145 and RMB2,162,648 respectively. As at the date of this announcement, the Original Annual Caps have not been exceeded.

In view of the increase in: (i) the number of new members recruited; (ii) number of member data processed in each month; and (iii) the sales amount arising from the purchases made by members of the New Point Cards in the period from 1 January 2016 up to the date of this announcement, the Original Annual Caps are expected to be insufficient and the Directors have therefore revised the Original Annual Caps as follows:

<b>Financial Year/Period</b>	<b>Original Annual Caps (RMB)</b>	<b>Revised Annual Caps (RMB)</b>
1 January 2016 to 31 December 2016	3,200,000	4,000,000
1 January 2017 to 17 December 2017	4,000,000	6,000,000

The Revised Annual Caps have been determined with reference to the historical transaction amounts under the Service Agreement, anticipated increase in number of new applications and anticipated increase in sales amount arising from the purchases to be made by members of the New Point Cards.

Notwithstanding the revision of the Original Annual Caps, all the terms and conditions of the Service Agreement remain unchanged.

## 3. REASONS FOR AND BENEFITS OF THE SERVICE AGREEMENT AND THE REVISED ANNUAL CAPS

The Service Agreement was entered into to 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. AIS has 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 have been carefully monitoring the historical transacted amounts and estimated transaction amounts under the Service Agreement. In view of the increase in: (i) the number of new members recruited; (ii) amount of member data processed each month; and (iii) the sales amount arising from the purchases made by members of the New Point Cards in the period from 1 January 2016 to the date of this announcement, the Directors expect that the Original Annual Caps will be exceeded and therefore revised and the Original Annual Caps.

The Directors, including all the independent non-executive Directors, consider that the terms of the Service Agreement (including the Revised Annual Caps) are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole and have been entered into in the ordinary and usual course of business of the Group.

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

#### **4. GENERAL**

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

#### **5. 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 41.16% 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 Revised Annual Caps in respect of the Service 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.

#### **6. 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 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 and is owned as to 41.16% 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 41.16% 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
“Original Annual Caps”	the annual caps in respect of the Service Agreement for the year ending 31 December 2016 and the period from 1 January 2017 to 17 December 2017, as disclosed in the announcement of the Company dated 18 December 2014
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Revised Annual Caps”	the revised annual caps in respect of the Service Agreement for the year ending 31 December 2016 and the period from 1 January 2017 to 17 December 2017, as set out on page 2 of this announcement
“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, 14 October 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.*