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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 MASTER SERVICES AGREEMENT

The Board is pleased to announce that on 30 March 2011 the Company entered into the Master Services Agreement with AEON Delight.

The duration of the 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 Caps represent less than 5% of the applicable percentage ratios as defined in the Listing Rules, the Continuing Connected Transactions fall within Rule 14A.34 of the Listing Rules and the Continuing Connected Transactions are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from independent shareholders' approval requirements under the Listing Rules.

1. INTRODUCTION

The PRC Subsidiaries currently operate shopping malls and stores in the Guangdong Province of the PRC which from time to time require the Services in its ordinary and usual course of business. The PRC Subsidiaries select 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. Members of the AEON Delight Group have provided such Services to the PRC Subsidiaries in the past.

The Board is pleased to announce that on 30 March 2011 the Company entered into the Master Services Agreement with AEON Delight to set out the framework for the future provision of the Services by the members of the AEON Delight Group. Since AEON Delight is an indirect non-wholly-owned subsidiary of AEON, the controlling shareholder of the Company, the transactions under the Master Services Agreement will constitute continuing connected transactions under the Listing Rules.

2. THE MASTER SERVICES AGREEMENT

Date

30 March 2011

Parties

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

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

Duration

The term of the Master Services Agreement shall be a period of three years commencing on the date of the Master Services Agreement and expiring on 31 December 2013, provided that the 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 to provide the Services, the relevant PRC Subsidiary 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 relevant PRC Subsidiary. Such terms shall be on normal commercial terms, on an arm's length basis and are on comparable terms to which the relevant PRC Subsidiary procures the Services from independent third parties.

3. THE CAP AMOUNT

The Cap Amount

Members of the AEON Delight Group have been providing the Services to the PRC Subsidiaries on a monthly basis since July 2010. The fees paid to the AEON Delight Group in the year ended 31 December 2010 represent less than 0.1% of the applicable percentage ratios as defined in the Listing Rules and therefore were not subject to the disclosure requirements under the Listing Rules. Going forward, the Cap for the Continuing Connected Transactions for each of the years ending 31 December 2011, 2012 and 2013 shall be RMB140 million.

In arriving at the Cap, the Directors have taken into account the expected business growth of the Group in the PRC in the coming three years, the expected opening of new stores by the 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 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 PRC Subsidiaries' procurement

process, would allow the PRC Subsidiaries to import leading service knowhow from the AEON Delight Group, improve the PRC Subsidiaries' service quality to customers, enhance customer satisfaction when shopping at the PRC Subsidiaries' stores, reduce the Group's efforts in service alignment and enhance the Group's costs control and service level upgrading. The Directors are of the view that the entering into of the Master Services Agreement would provide 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 Master Services Agreement have been reached 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. Mr. Akihito Tanaka, Mr. Kazumasa Ishii, Mr. Yuji Yoneta, Mr. Kenji Fujita, Mr. Fumiaki Origuchi and Mr. Jerome Thomas Black may be regarded as having a material interest in the Continuing Connected Transactions. Accordingly, Mr. Akihito Tanaka, Mr. Kazumasa Ishii, Mr. Yuji Yoneta, Mr. Kenji Fujita, Mr. Fumiaki Origuchi and Mr. Jerome Thomas Black abstained from voting on the resolutions in respect of the Continuing Connected Transactions at the meeting of the Board.

5. GENERAL

AEON Delight is a connected person of the Company by virtue of its being an indirectly non-wholly owned subsidiary of the controlling shareholder of the Company. As at the date of this announcement, AEON the ultimate beneficial shareholder of AEON Delight, was interested in approximately 71.64% of the issued share capital of the Company.

Given that the Caps represent less than 5% of the applicable percentage ratios as defined in the Listing Rules, the Continuing Connected Transactions fall within Rule 14A.34 of the Listing Rules and the Continuing Connected Transactions are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from independent shareholders' approval requirements under the Listing Rules.

6. INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the operation of retail stores 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 service 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.

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 (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 PRC 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 PRC Subsidiaries pursuant to the Master Service Agreement for each of the three years ending 31 December 2013
“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
“Continuing Connected Transactions”	the transactions contemplated under the Master Services Agreement
“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
“Macau”	the Macau Special Administrative Region, PRC
“Master Services Agreement”	the master services agreement entered into between the Company and AEON Delight on 30 March 2011
“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.

“Services”	such services to be provided by the AEON Delight Group under the Master Services Agreement and further contracts, including comprehensive building/facilities maintenance services, including cleaning, property maintenance of shopping malls and stores, and such other services in relation to the operation of retail stores by the Group in the PRC as may be agreed by the parties from time to time
“Shareholder(s)”	registered holders of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board of
AEON Stores (Hong Kong) Co., Limited
Lam Man Tin
Managing Director

Hong Kong, 30 March 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Man Tin, Ms. Chan Pui Man, Christine and Mr. Yuji Yoneta; the non-executive Directors are Mr. Akihito Tanaka, Mr. Haruyoshi Tsuji, Mr. Yoshinori Okuno, Mr. Akio Yoshida and Mr. Takashi Komatsu; and the independent non-executive Directors are Prof. Lam Pei Peggy, Mr. Sham Sui Leung, Daniel, Ms. Cheng Yin Ching, Anna and Dr. Shao Kung Chuen.