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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 COMMISSION PAYMENT TRANSACTIONS**

Reference is made to the announcement of the Company dated 16 April 2008 in relation to the Master Agreement entered into between the Company and Aeon Credit in respect of the Commission Payment Transactions. As the term of the Master Agreement has expired, the respective parties to the Master Agreement have now entered into the Renewal Agreement for a term of three years effective 15 April 2011 to 14 April 2014.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Annual Caps in respect of the Commission Payment Transactions exceed 0.1% but are below 5%, the Renewal Agreement and the Commission Payment Transactions are subject to the announcement and reporting requirements of Chapter 14A of the Listing Rules but exempt from the requirement of independent shareholders' approval.

Background

Reference is made to the announcement of the Company dated 16 April 2008 in relation to the Master Agreement entered into between the Company and Aeon Credit in respect of the Commission Payment Transactions. As the term of the Master Agreement has expired, the respective parties to the Master Agreement have now entered into the Renewal Agreement for a term of three years effective 15 April 2011 to 14 April 2014. The Renewal Agreement may be terminated prior to the expiry of such fixed term by either party giving not less than 90 days' prior written notice of its intention to do so to the other party. Subject to compliance with the Listing Rules, the Renewal Agreement may be renewed on such terms and conditions as the parties to the Renewal Agreement may mutually agree.

Commission Payment Transactions

Under the Renewal Agreement, the Company shall pay to Aeon Credit commissions in return for Aeon Credit providing customers of the Company with various credit purchase and hire purchase facilities. The commissions are calculated on the basis of a fixed percentage of the sales generated by the credit purchase or hire purchase facilities provided by Aeon Credit. Pursuant to the Renewal Agreement, the Company has agreed to pay commissions to Aeon Credit for providing the following credit facilities to customers of the Company:

1. credit purchase facilities made available to customers of the Company for making purchases at the Company's stores using AEON JUSCO VISA Card, AEON JUSCO MasterCard, AEON JUSCO American Express Credit Card, AEON JUSCO JCB Card, AEON JUSCO UnionPay Credit Card and any other co-branded credit cards; and card instalment plan made

available to customers of the Company for making purchases of goods and/or services at the Company's Stores;

2. hire purchase facilities made available to customers of the Company for making purchases of selected goods and/or services at the Company's stores; and
3. other credit facilities made and to be made available to customers of the Company for making purchases from time to time,

based on a payment term ranging from 10 to 40 days.

The commission rates payable by the Company to Aeon Credit in respect of the Commission Payment Transactions are determined between the Company and Aeon Credit after arm's length negotiations. In negotiating and agreeing the commission rates and other terms of the Commission Payment Transactions with Aeon Credit, the Company takes into account the prevailing market commission rates for similar types of transactions that are available to the Company and gives credit to Aeon Credit for any ancillary services provided and to be provided to the customers of the Company by Aeon Credit.

For any other credit facilities that may be provided by Aeon Credit to the Company's customers from time to time, the Company will negotiate and agree on the commission rates and other terms of such credit facilities with Aeon Credit on the basis as mentioned above.

Annual Caps

The Directors estimate that the maximum aggregate amount payable by the Company to Aeon Credit on an annual basis in respect of the Commission Payment Transactions under the Renewal Agreement will not exceed the annual caps (the "Annual Caps") below:

<i>Financial Year/Period</i>	<i>Annual Caps</i>
15/4/2011 to 31/12/2011	HK\$11.4 million
1/1/2012 to 31/12/2012	HK\$16.0 million
1/1/2013 to 31/12/2013	HK\$16.0 million
1/1/2014 to 14/4/2014	HK\$4.6 million

In arriving at the Annual Caps, the Directors took into account (i) the historical commission paid by the Company to Aeon Credit under the Master Agreement for the three years ended 31 December 2010, being approximately HK\$11.03 million, HK\$10.71 million and HK\$10.55 million, respectively, (ii) the Company's business growth, and (iii) the expected increase in the volume of the Commission Payment Transactions.

Reasons for and Benefits of the Continuing Connected Transactions

The Directors believe that the launch of various credit cards with Aeon Credit has provided further value-added service to the Company's customers and has cultivated stronger customer loyalty. The provision of various credit purchase facilities by Aeon Credit will further contribute positively in building sales and extending the Company's customer base and the Directors expect that there will be continual growth in sales attributable to the various credit purchase facilities provided and to be provided by Aeon Credit to customers of the Company.

The Directors, including all the independent non-executive Directors, are of the view that (i) the Renewal Agreement and the transactions contemplated thereunder (including the Commission Payment Transactions) are on normal commercial terms; (ii) the terms of the Renewal Agreement and the transactions contemplated thereunder, together with the Annual Caps, are fair and reasonable and in the interest of the Company and its shareholders as a whole; and (iii) the Renewal Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the Company's business. Mr. Akihito Tanaka, Mr. Jerome Thomas Black, Mr. Kazumasa Ishii, Mr. Fumiaki Origuchi, Mr. Yuji Yoneta, and Mr. Kenji Fujita may be regarded as having a material interest in the Renewal Agreement and the transactions contemplated thereunder. Accordingly, Mr. Akihito Tanaka, Mr. Jerome Thomas Black, Mr. Kazumasa Ishii, Mr. Fumiaki Origuchi, Mr. Yuji Yoneta, and Mr. Kenji Fujita abstained from voting on the resolutions in respect of the Renewal Agreement and the transactions contemplated thereunder at the meeting of the Board.

General

As at the date of this announcement, AEON Co., Ltd. holds approximately 71.64% interest in the Company and approximately 66.22% interest in Aeon Credit. Aeon Credit is therefore a connected person of the Company under the Listing Rules and the Commission Payment Transactions therefore constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Annual Caps in respect of the Commission Payment Transactions exceed 0.1% but are below 5%, the Renewal Agreement and the Commission Payment Transactions are subject to the announcement and reporting requirements of Chapter 14A of the Listing Rules but exempt from the requirement of independent shareholders' approval.

Information about the Parties

The Company is principally engaged in the operation of retail stores in Hong Kong, Macau and the People's Republic of China.

The principal activities of Aeon Credit are the provision of consumer credit finance services including the issuance of credit cards, the provision of vehicle financing, hire purchase financing and personal loan financing.

Definitions

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Aeon Credit”	AEON Credit Service (Asia) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Master Agreement”	the agreement dated 14 April 2008 entered into between the Company and Aeon Credit in respect of the Commission Payment Transactions

“Commission Payment Transactions”	transactions entered into and to be entered into between the Company and Aeon Credit from time to time pursuant to which the Company pays and will pay to Aeon Credit commissions in respect of purchases made by customers of the Company by using credit purchase facilities provided by Aeon Credit from time to time including, but not limited to, various credit cards issued by Aeon Credit, namely AEON JUSCO VISA Card, AEON JUSCO MasterCard, AEON JUSCO American Express Credit Card, AEON JUSCO JCB Card, AEON JUSCO UnionPay Credit Card and any other co-branded credit cards, credit instalment facilities, hire purchase facilities and other credit facilities provided and that may be provided by Aeon Credit
“Company”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Renewal Agreement”	the agreement dated 15 April 2011 entered into between the Company and Aeon Credit renewing the Master Agreements for a term of three years effective 15 April 2011 to 14 April 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 15 April 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.