
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **AEON Stores (Hong Kong) Co., Limited**, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



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: 00984)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY**

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I — FINANCIAL INFORMATION ON THE GROUP	9
APPENDIX II — PROPERTY VALUATION	10
APPENDIX III — GENERAL INFORMATION	17

DEFINITIONS

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

“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 (Stock Code: 00984)
“Completion”	completion of the Disposal pursuant to the Formal Sale and Purchase Agreement
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property pursuant to the Sale and Purchase Agreement
“Formal Sale and Purchase Agreement”	a formal sale and purchase agreement dated 23 October 2014 in relation to the sale and purchase of the Property which supersedes the Sale and Purchase Agreement in accordance with the customary and usual conveyancing practice in Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China and for the purpose of this circular excluding Taiwan, Hong Kong and Macau

DEFINITIONS

“Property”	Kwai Chung Town Lot No.289 together with the messuages and buildings erected thereon now known as Wilson Logistics Centre situate at Nos. 24–28 Kung Yip Street, Kwai Chung, New Territories
“Purchase Price”	HK\$633,800,000, being the total purchase price for the Property
“Purchaser”	Prosperity Development Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the conditional agreement for the sale and purchase of the Property, by and among, the Company and the Purchaser as constituted by an offer letter dated 28 August 2014 issued by the Purchaser to the Vendor and a notice of acceptance dated 9 October 2014 issued by the Vendor to the Purchaser accepting such offer
“SFO”	the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the Company
“%”	per cent



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: 00984)

Executive Directors:

Ms. Chan Pui Man, Christine (*Managing Director*)
Mr. Junichi Suzuki (*Deputy Managing Director*)
Mr. Yoshiaki Mizushima (*Deputy Managing Director*)
Mr. Chak Kam Yuen

Registered office:

G-4th Floor
Kornhill Plaza (South)
2 Kornhill Road
Hong Kong

Non-executive Directors:

Mr. Yoshinori Okuno (*Chairman*)
Mr. Yutaka Agawa
Ms. Yuki Habu
Mr. Kazuhiko Yasukawa

Independent Non-executive Directors:

Mr. Sham Sui Leung, Daniel
Ms. Cheng Yin Ching, Anna
Ms. Chan Yi Jen Candi Anna
Ms. Lo Miu Sheung, Betty

25 November 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 9 October 2014 in which the Board announced that on the same day, the Company, as the Vendor, has entered into a conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Property at a Purchase Price of HK\$633,800,000. The Property is located at Nos. 24-28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong. Following customary conveyancing practice in

LETTER FROM THE BOARD

Hong Kong, the Company and the Purchaser subsequently entered into the Formal Sale and Purchase Agreement on 23 October 2014 which contains further detailed customary conveyancing terms and conditions and which supersedes the Sale and Purchase Agreement.

The purpose of this circular is to provide the Shareholders with further information in relation to the Disposal and the financial information of the Group and the valuation on the Property.

Details of the Disposal are as follows:

II. THE SALE AND PURCHASE AGREEMENT

Date : 9 October 2014

Parties :

- (1) The Company, as the Vendor; and
- (2) Prosperity Development Limited, as the Purchaser

Following customary conveyancing practice in Hong Kong, subsequent to the execution of the Sale and Purchase Agreement, the parties entered into the Formal Sale and Purchase Agreement which contains further detailed customary conveyancing terms and conditions and which supersedes the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The principal business activity of the Purchaser is investment holding. There is no prior transaction and relationship between the Company and the Purchaser and its associates in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Information of the Property

The Property is located at Nos. 24–28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong. The Property was acquired by the Company in January 2011 for long-term investment purpose.

The Property is currently subject to an existing three-year tenancy agreement ending on 31 March 2016, at an effective monthly rental (exclusive of rates and government rent) of approximately HK\$1.65 million. Under the aforementioned tenancy agreement, either party (i.e. the Company or the tenant) may, after 1 October 2014, terminate the tenancy agreement without paying any compensation by giving to the other party no less than six months' prior written notice (expiring no earlier than 1 April 2015). Under the Formal Sale and Purchase Agreement, the Company agrees to

LETTER FROM THE BOARD

issue and has issued to the aforementioned tenant, within five business days from the date that the Company has received payment of the further deposit from the Purchaser, the aforementioned notice of termination which will expire on 30 April 2015.

As disclosed in the last interim report of the Company for the six months ended 30 June 2014, the carrying value of the Property was approximately HK\$590 million.

Consideration and Payment Terms

The consideration for the Disposal is HK\$633,800,000, which has been, or is to be, paid in the following manner:

- (1) HK\$20,000,000, being the first deposit and part payment of the Purchase Price, was paid by the Purchaser to the Company on 9 October 2014;
- (2) HK\$43,380,000, being a further deposit and part payment of the Purchase Price, was paid by the Purchaser to the Company on 23 October 2014; and
- (3) HK\$570,420,000, being the balance of the Purchase Price, will be paid by the Purchaser to the Company upon Completion, which shall take place on or before 29 April 2015.

Pursuant to the Formal Sale and Purchase Agreement, should the Purchaser fail to complete the Disposal (other than due to the default of the Company), the Company shall be entitled to forfeit up to 10% of the Purchase Price from the deposits paid by the Purchaser and to determine the Formal Sale and Purchase Agreement without prejudice to the Company's other rights and remedies against the Purchaser. Should the Company fail to complete the Disposal (other than due to the default of the Purchaser), all deposit money paid by the Purchaser will be returned to the Purchaser who shall also be entitled to recover from the Company further damages (if any) as the Purchaser may sustain by reason of such failure without prejudice to the Purchaser's other rights and remedies against the Vendor. The Company and the Purchaser are not precluded from bringing an action and obtaining a decree for specific performance of the Formal Sale and Purchase Agreement either in lieu of or in addition to such damages as the party bringing such action may have sustained by reason of the breach by the other party.

The Purchase Price has been determined after arm's length negotiations between the Company and the Purchaser by reference to the prevailing market conditions, the location of Property and the transacted prices of other market comparables, including their relative locations, characters and advantages and disadvantages as compared with the Property.

LETTER FROM THE BOARD

Condition

The sale and purchase of the Property under the Sale and Purchase Agreement is conditional on the Company having obtained the approval of its majority shareholders by way of ordinary resolution at general meeting or a written shareholder's approval. Such condition has been satisfied as at the date of the announcement, i.e. 9 October 2014.

Completion

Completion of the Disposal shall take place on or before 29 April 2015 or a date to be mutually agreed between the Purchaser and the Company, and is subject to the full payment of the Purchase Price by the Purchaser.

Pursuant to the Formal Sale and Purchase Agreement, the Company is not required to deliver vacant possession of the Property to the Purchaser on the date of Completion.

Other provisions

With respect to the Disposal, the Formal Sale and Purchase Agreement also contains provisions on representations, warranties, undertakings and indemnities which are usual and customary for a transaction of this nature and scale.

Pursuant to the Formal Sale and Purchase Agreement, the Company shall prove and give title to the Property in accordance with sections 13 (regarding the extent to which title documents are required to be produced for proof of title) and 13A (regarding the extent to which the Purchaser is entitled to require production of original title documents for the purpose of giving title) of the Conveyancing and Property Ordinance.

Further, under the Formal Sale and Purchase Agreement, all land registration fees and stamp duty payable in connection with the Disposal shall be borne by the Purchaser absolutely, and the Purchaser shall indemnify and keep the Company indemnified against any losses, damages, claims, proceedings, costs, expenses and penalties which the Company may suffer arising from or in connection with any such stamp duty not being fully and/or punctually paid by the Purchaser.

It is further agreed that if the Purchaser shall request from the Company any certified copies of title deeds or documents in respect of the Property not relating exclusively to the Property which the Company has an obligation under the Formal Sale and Purchase Agreement to provide to the Purchaser, the Purchaser shall, accept production of photo copies thereof notwithstanding the fact that any of such certified copies shall not have been provided to the Purchaser prior to Completion, complete the Disposal in accordance with the Formal Sale and Purchase Agreement, provided that the Company or the Company's solicitors shall give an undertaking to the Purchaser or the Purchaser's solicitors to provide such certified copies to the Purchaser's solicitors within 30 days after Completion.

LETTER FROM THE BOARD

III. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal presents a good opportunity for the Company to realize its investment. Further, the Purchaser's offer was the written offer with the highest Purchase Price offered among all offers received by the Company from interested parties.

The Company expects that subject to Completion, the Group will record an additional gain of approximately HK\$39 million (unaudited), representing the difference between the Purchase Price and the carrying amount of Property as disclosed in the last interim report of the Company for the six months ended 30 June 2014, less any transaction costs (if any) in its annual results for the year ending 31 December 2014 as a result of the Disposal. The net proceeds from the Disposal are intended to be used by the Group as general working capital.

The Board (including the independent non-executive Directors) considers the terms of the Disposal to be normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Company as a whole.

IV. FINANCIAL EFFECT OF THE DISPOSAL

The Property is currently leased out for rental income up to the date of Completion subject to parties' right of early termination.

The net profit before taxation attributable to the Property for the two financial years ended 31 December 2012 and 2013 were approximately HK\$119,515,000 and HK\$59,765,000 respectively. The net profit after taxation attributable to the Property for the financial years ended 31 December 2012 and 2013 were approximately HK\$117,435,000 and HK\$57,699,000 respectively.

As disclosed in the last interim report of the Company for the six months ended 30 June 2014, the carrying value of the Property was approximately HK\$590 million.

The Board expects that subject to Completion, the Group will record an additional gain of approximately HK\$39 million (unaudited), representing the difference between the Purchase Price and the carrying amount of the Property as disclosed in the last interim report of the Company for the six months ended 30 June 2014, less any transaction costs (if any) in its annual results for the year ending 31 December 2014 as a result of the Disposal.

It is anticipated that the Property as at 31 December 2014 would be classified as current assets at a carrying value of approximately HK\$629 million, representing the difference between the Purchase Price less all relevant expenses of approximately HK\$4.8 million, hence a corresponding decrease of non-current assets. Upon Completion in April 2015, the carrying value of the Property would be realized into cash, and since the Property was not purchased with the proceeds of any credit facility, there will be no change to the current liabilities of the Company.

LETTER FROM THE BOARD

V. LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios for the Company in respect of the Disposal is or are more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to Shareholders' approval pursuant to Rule 14.40 of the Listing Rules. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders and its associates is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

The Company has obtained a written approval of the Disposal from AEON Co., Ltd., the majority shareholder of the Company, which holds and is the beneficial owner of 177,500,000 issued shares in the Company, representing approximately 68.27% of total issued share capital as at the Latest Practicable Date. By reason of the written approval of the majority shareholder of the Company, an extraordinary general meeting of the Company to approve the Disposal is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

As at the Latest Practicable Date, so far as is known to the Directors, there is no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder nor is there any obligation or entitlement of any Shareholder whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her shares in the Company to a third party.

VI. GENERAL

The Group is principally engaged in the operation of retail stores in Hong Kong, Macau and PRC.

VII. ADDITIONAL MATTERS

Your attention is drawn to the information set out in the appendices to this circular.

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

1. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that taking into account the present internal financial resources as well as the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding secured bank guarantees of approximately HK\$44,805,000 which is pledged by bank deposits, unsecured bank guarantees of approximately HK\$63,717,000, unsecured bank overdraft of approximately HK\$28,302,000 and obligation under a finance lease of approximately HK\$2,923,000 which is secured over leased assets. None of the above are guaranteed as at 30 September 2014.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 September 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities.

3. FINANCIAL AND TRADING PROSPECTS

As disclosed in the Group's latest interim report for the 6 months ended 30 June 2014, the Group recorded revenue of approximately HK\$4,393,855,000, representing an increase of 5.9% over HK\$4,150,944,000 for the corresponding period of 2013. Profit attributable to owners of the Company rose to approximately HK\$81,937,000, compared with a loss to owners of the Company of approximately HK\$26,341,000 for the corresponding period of 2013. The Group had a cash and cash equivalents of approximately HK\$2,248,659,000 as at 30 June 2014. The Directors expect that the Group will continue to maintain a good financial position to support its business operations.

Looking ahead, the Group expects that the operational environment in both Hong Kong and the PRC markets will remain challenging. The retail industry and consumer sentiment in Hong Kong and south China will be adversely affected by slower economic growth, and the Group's operations in both markets encounter rising costs across various fronts. The Group will continue executing its strategy of strengthening and optimizing sales performance of its existing stores in the second half of 2014, while eyeing potential opportunities for future store expansion, for example, opening stores with higher flexibility in site locations and lower investment costs. The Group remains cautiously optimistic about its prospects and will continue to expand its business in a prudent manner.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property as at 9 October 2014.

Vigers Appraisal and Consulting Limited

International Property Consultants

10/F, The Grande Building,

398 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: gp@vigers.com

www.vigers.com



25 November 2014

AEON Stores (Hong Kong) Co., Limited

The Board of Directors

7 Floor, D2 Place

9 Cheung Yee Street

Lai Chi Kok, Kowloon

Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the property (“Wilson Logistics Centre”, Nos. 24–28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong (Kwai Chung Town Lot No. 289)) to be disposed by “AEON Stores (Hong Kong) Co., Limited” (referred to as “the Company” and collectively referred to as “the Group”), we confirm that we have inspected part of the property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 9 October 2014 (the “Valuation Date”).

BASIS OF VALUATION

Our valuation is our opinion of market value of the property interests which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHOD

The property is tenanted and we have valued the property on the basis of capitalisation of net rental income derived from the existing tenancy with allowance onto the reversionary interest of the property which assumes sale with vacant possession upon expiry of the existing tenancy and makes reference to comparable market transactions. Comparable property with similar character, use, location, building facilities and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

TITLE INVESTIGATION

We have conducted land searches at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

The land lease of the property had expired before 30 June 1997, and we have taken into account of the provisions contained in Annex III of the “Joint Declaration of the Government of the United Kingdom and the Government of the People’s Republic of China on the question of Hong Kong” as well as the New Territories Leases (Extension) Ordinance 1988 that such land lease has been extended without paying additional land premium until 30 June 2047.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state subject to the existing tenancy without the effect of any deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which may serve to affect the value of the property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the property.

In our valuation, we have assumed that the owner of the property has free and uninterrupted rights to use and assign the property during the whole of the unexpired land-use right’s term granted subject to the payment of usual land-use fee.

No investigation has been carried out to determine the suitability of the ground conditions or the services for any property development erected on the property. Our valuation has been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the property.

Other special assumptions for the property have been stated in the valuation certificate, if any.

VALUATION CONSIDERATION

An inspection to part of property has been carried out on 8 October 2014 by Mr. Lucas H. W. Lau *FRICS, FHKIS, RPS(GP)* and Mr. Eric W. L. Tang *BSc(Hons), MRICS*. During the course of our inspection, we did not note any serious defect. However, no structural survey nor test on any of the services has been made and we are therefore unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly in respect of planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status and in the identification of the property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

REMARKS

We declare hereby that we are independent to the Group and we are not interested directly or indirectly in any share in any member of the Group. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share in any member of the Group.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars (“HK\$”), the lawful currency of Hong Kong.

We enclose herewith our Valuation Certificate.

Yours faithfully,

For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

Lucas H. W. Lau

FRICS, FHKIS, RPS(GP), CREA
B. Land Economy, M. Urban Design,
LL.B., LL.M. (International Business Law),
MSc in Applied Accounting and Finance
Assistant Director

Eric W.L. Tang

BSc(Hons), MRICS
Assistant Director

Note: Mr. Lucas H. W. Lau is a Registered Professional Surveyor in General Practice Division with over 23 years' valuation experience on properties in various regions including Hong Kong, Macau and the PRC, who has been vetted on the list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuation in connection with takeovers and mergers published by the Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors, and is suitably qualified for undertaking valuation relating to listing exercise. Mr. Lau has 6-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of The Royal Institution of Chartered Surveyors with over 10 years' valuation experience on property in various regions including Hong Kong, Macau and the PRC. Mr. Tang has 6-year of experience with Vigers Appraisal and Consulting Limited.

VALUATION CERTIFICATE

Property held for Investment to be disposed of by the Group

Property	General Description	Occupancy Status	Capital Value as at the Valuation Date
“Wilson Logistics Centre”, Nos. 24–28 Kung Yip Street, New Territories, Hong Kong All those parts or pieces of ground known and registered in the Land Registry as Kwai Chung Town Lot No. 289	The property comprises the whole of “Wilson Logistics Centre” completed in July 1976. Loading and unloading platform and lorries/car parking spaces are provided on the ground floor. 14th and 15th Floor of the property are for administrative office whilst the remaining portions are for factory and godown. The property is served by 4 cargo lifts, 1 passenger lift and two staircases. As shown on the approved General Building Plans as well as approved Plan for Alteration and Addition Works, the property has a total site area of approximately 30,665.000 square feet (2,848.87 square metre) and a total gross floor area of approximately 282,130.349 square feet (26,210.80 square metres) or thereabout. Breakdown of the gross floor area is as follows:	According to the Lease provided, the property was leased for a term of three years commencing from 1 April 2013 and expiring on 31 March 2016. The monthly rent is HK\$2,202,222 for the term commencing from 1 April 2013 to 31 March 2015; and HK\$1,651,666 commencing from 1 April 2015 to 31 March 2016 with Rent Free Period from 1 November 2014 to 30 November 2014 and from 1 March 2015 to 31 March 2015.	HK\$615,000,000

Portion	Gross Floor Area	
	(sq.ft.)	(sq.m.)
Ground Floor	7,846.946	729.01
2nd and 3rd Floor	40,969.900	3,806.23
4th to 14th Floor	215,864.374	20,054.48
15th Floor	16,933.148	1,573.14
Dangerous Good Storage on Ground Floor	515.981	47.94
Total	282,130.349	26,210.80

Loading capacity and height of ceiling of relevant portion of the property is summarized as follows:

Portion	Loading Capacity lbs per square foot		Ceiling Height (feet)
Ground Floor :	N/A		15.00
2nd and 3rd Floor :	250		15.00
4th to 14th Floor:	150		11.00
15th Floor:	100		11.67

Kwai Chung Town Lot No. 289 (referred to as “the Lot”) is held under New Grant No. 5313 for a term of 99 years commencing from 1 July 1898 which has been statutorily renewed to 30 June 2047 without paying additional premium but at a revised annual Government rent at 3% of the rateable value of the property.

Note

1. Pursuant to our land search record, the current registered owner of the property is AEON STORES (HONG KONG) CO., LIMITED 永旺(香港)百貨有限公司 vide Memorial No. 11021501110020 dated 20 January 2011.
2. Pursuant to our land search record, the property is subject to the following salient encumbrances:
 - i) Car Parking Plan vide Memorial No. TW123858 registered on 26 June 1975, showing a car parking plan at the Lot;
 - ii) Undertaking in favour of The Secretary for N.T. vide Memorial No. TW126079 registered on 23 October 1975 in connection with a building mortgage dated 4 October 1975 given by Manhattan Garments Limited in favour of The Chartered Bank which building mortgage has been subsequently discharged by a reassignment dated 14 May 1977;
 - iii) Car Park Layout Plan vide Memorial No. TW137004 registered on 26 November 1976, showing a car park layout plan at the Lot;
 - iv) No Objection Letter Re (Remarks: Re: Portion of 13/F) vide Memorial No. TW239860 dated 9 December 1981, a letter issued by the Government of Hong Kong confirming no objection for part of the 13th floor of the building erected on the Lot to be used for the provision of canteen facilities; and
 - v) Memorandum of Change of Name vide Memorial No. TW1614591 dated 1 December 2004, a notice of the change of name of the building erected on the Lot to “Wilson Logistics Centre”.
3. Inspection to part of the property, including the exterior and portion of the interior thereof, was carried out by Mr. Lucas H. W. Lau *FRICS, FHKIS, RPS(GP)* and Mr. Eric W.L. Tang *BSc(Hons), MRICS* on 8 October 2014. During the course of our inspection, no serious defect was noted; and the condition of the property is considered to be reasonable. Building services such as water supply, electricity and automatic sprinkler systems, hose reels, air-conditioning system were available in main parts of the property. Neither structural survey nor test on any services was made; and hence we are unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.
4. The property lies in the area zoned “Industrial” in Draft Kwai Chung Outline Zoning Plan No. S/KC/28.
5. Pursuant to the New Grant No. 5313 dated 23 November 1974, salient conditions concerning the use and development of the lot are extracted as follows:
 - i) *“The lot shall not be used for any purpose other than industrial or godown purpose or both excluding any trade that is now or may hereafter be declared to be an offensive trade under the Public Health and Urban Service Ordinance ...”*
 - ii) *“No building or buildings shall be erected on the lot except a factory or factories or a warehouse or warehouses or both, ancillary offices and such quartered as may be required for watchmen or caretakers ... such quarters shall in any event not exceed 45 square feet ... And such quarter shall not be used for any purpose other than the residential accommodation of such watchmen or caretakers”*
 - iii) *“... shall not install any furnace, boiler or other plant or equipment or use any fuel that might in any circumstance produce smoke without the prior written consent ...”*

- iv) *“... shall not install or use on the lot or any part thereof ... any machinery, furnace, boiler or other plant or equipment ... which might in any circumstances result in the discharge or emission ... of any noxious, harmful or corrosive matter ...”*
6. The property is situated on Kung Yip Street in Kwai Chung District which is an industrial/commerce area where dominated by industrial/godown and commercial buildings of various ages. The unit price of recently transacted neighbouring industrial buildings in Kwai Chung and Tsuen Wan area range from HK\$1,045 to HK\$4,434 per square foot on gross floor area basis. The current market yield of flatten factory properties is at 2.9% whilst the average rent of private flatten factories is at approximately HK\$10.3 per square foot.
7. As confirmed by the Group, the Group is not aware of any use of the property which constitutes breach of environmental regulations up to the Valuation Date.
8. As confirmed by the Group, there is no pending litigation, breaches of law or title defects against the property up to the Valuation Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules adopted by the Company (“Model Code”) to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest of the Directors in the Shares and underlying Shares of the Company (Long positions)

Name of Director	Number of Shares			Underlying Shares held under equity derivative	Total number of Shares held	Approximate percentage of the Shares of the Company
	Personal interests	Corporate interests				
Ms. Chan Pui Man, Christine	6,000	Nil		Nil	6,000	0.002%
Mr. Yutaka Agawa	12,000	Nil		Nil	12,000	0.005%

(b) Interest of the Directors in the shares and underlying shares of AEON Co., Ltd., the holding company of the Company (Long positions)

Name of Director	Number of shares of AEON Co.,Ltd. (Note 1)		Underlying shares held under equity derivative	Total number of Shares held	Approximate percentage of the Shares of the Company
	Personal interests	Corporate interests			
Mr. Junichi Suzuki	4,000	Nil	Nil	4,000	0.00047%
Mr. Yoshiaki Mizushima	3,788	Nil	Nil	3,788	0.00045%
Mr. Yoshinori Okuno	2,000	Nil	Nil	2,000	0.00024%
Mr. Yutaka Agawa	19,017	Nil	Nil	19,017	0.00225%
Ms. Yuki Habu	7,708	Nil	Nil	7,708	0.00091%
Mr. Kazuhiko Yasukawa	4,000	Nil	Nil	4,000	0.00047%

Note:

- As at the Latest Practicable Date, AEON Co., Ltd. holds and is the beneficial owner of 177,500,000 issued shares in the Company, representing approximately 68.27% of total issued share capital of the Company.

(c) Interest of the Directors in the shares and underlying shares of the associated corporations of the Company (Long positions)

Name of Director	Name of the associated corporations of the Company	Number of Shares		Underlying shares held under equity derivative	Total number of Shares held	Approximate percentage of the shares
		Personal interests	Corporate interests			
Mr. Junichi Suzuki	AEON Thana Sinsap (Thailand) Public Co., Ltd. (Note 2)	15,000	Nil	Nil	15,000	0.006%
Mr. Yutaka Agawa	AEON Co. (M) Bhd. (Note 3)	40,000	Nil	Nil	40,000	0.011%

Notes:

- AEON Thana Sinsap (Thailand) Public Co., Ltd. is an indirectly non-wholly owned subsidiary of AEON Co., Ltd., the holding company of the Company.
- AEON Co. (M) Bhd. is a directly non-wholly owned subsidiary of AEON Co., Ltd., the holding company of the Company.

Save as disclosed above, none of the Directors nor their associates, as at the Latest Practicable Date, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Name of Shareholder	Number of Shares			Underlying shares held under equity derivative	Total number of Shares held	Approximate percentage of the shares
	Beneficial Owner	Corporate interests	Shares held in other capacity			
AEON Co., Ltd.	177,500,000	8,776,000 (Note 4)	Nil	Nil	186,276,000	71.64%
Aberdeen Asset Management Plc and its Associates (together "the Aberdeen Group") on behalf of accounts managed by the Aberdeen Group	Nil	Nil	32,804,500 (Note 5)	Nil	32,804,500	12.62%

Notes:

4. These Shares are held as to 7,000,000 Shares by AEON (U.S.A.), Inc., and 1,776,000 Shares by AEON Credit Service (Asia) Company Limited.

AEON (U.S.A.), Inc. is a wholly-owned subsidiary of AEON Co., Ltd. and AEON Co., Ltd. is deemed to be interested in the 7,000,000 Shares held by AEON (U.S.A.), Inc..

AEON Co., Ltd. also holds 280,588,000 shares, representing 67% of the issued shares, of AEON Credit Service (Asia) Company Limited. Therefore AEON Co., Ltd. is deemed to be interested in the 1,776,000 Shares held by AEON Credit Service (Asia) Company Limited.

5. These shares are held by Aberdeen Asset Management Plc and its Associates (together "the Aberdeen Group") on behalf of accounts managed by the Aberdeen Group in the capacity of an investment manager. Aberdeen Group has the power to vote as to 25,011,500 shares representing 9.62% of the issued share capital of the Company.

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, there were no persons (other than a Director or chief executive of the Company as disclosed above) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and

indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENT

To the best knowledge of the Directors and as at the Latest Practicable Date:

- (a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (c) none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business, which competes or may compete, either directly or indirectly, with the business of the Group.

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, to the best knowledge of and so far as was known to the Directors and the chief executive of the Company, no member of the Group has entered into any contract, not being contracts entered into in the ordinary course of business, within two years preceding the Latest Practicable Date and was or may be material.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Vigers Appraisal and Consulting Limited	Independent Qualified Valuers

Vigers Appraisal and Consulting Limited confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Vigers Appraisal and Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated accounts of the Group have been made up.

9. LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. GENERAL

- (i) The Company Secretary of the Company is Mr. Chan Kwong Leung Eric, who is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries;
- (ii) The registered office of the Company is G-4th Floor, Kornhill Plaza (South), 2 Kornhill Road, Hong Kong;
- (iii) The share registrar and transfer office of the Company is Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (iv) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 7 Floor, D2 Place, 9 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong from the date of this circular up to and including 9 December 2014:

- (1) this circular;
- (2) the memorandum and articles of association of the Company;
- (3) the audited consolidated financial statements of the Company for the two years ended 31 December 2012 and 31 December 2013; and the interim report of the Company for the six months ended 30 June 2014;
- (4) the valuation report on the Property prepared by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix II to this circular; and
- (5) the written consent referred to under the section headed “Expert and Consent” in this Appendix III.