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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF PROPERTY**

On 7th December 2010, the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the Purchase Price of HK\$310 million.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 7th December 2010, the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the Purchase Price of HK\$310 million.

THE SALE AND PURCHASE AGREEMENT

Date: 7th December 2010

Parties: (i) Purchaser: the Company; and
(ii) Vendor: Goodman Kung Yip Investments No. 2, an investment holding company incorporated in the Cayman Islands.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Property to be acquired: Wilson Logistics Centre located at Nos. 24 - 28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong erected on all that piece or parcel of ground registered in the Land Registry as Kwai Chung Town Lot No. 289

The building comprises 15 storeys, which are permitted for industrial, godown and ancillary office use. The whole building is currently subject to an existing tenancy agreement, which will expire on 31 March 2013 at a monthly rental (exclusive of rates and government rent) of approximately HK\$1.6 million.

Upon the Completion, the Purchaser shall acquire the Property on an “as is” basis and with the existing tenancy agreement.

Consideration

The Purchase Price is HK\$310 million, which has been/shall be satisfied in cash in the following manner:

- (i) HK\$31 million, being the deposit and part payment by the Purchaser to the Vendor, has already been paid; and
- (ii) HK\$279 million, being the balance of the Purchase Price, shall be paid by the Purchaser to the Vendor on the date of the Completion.

The Purchase Price has been determined by the parties at arm’s length negotiations with reference to the prices of comparable properties located in the same area. Based on the valuations made by two independent valuers, the Property is valued at approximately HK\$330 million to HK\$340 million.

The Purchase Price will be funded by internal resources of the Company.

Completion

Completion shall take place on or before 20 January 2011.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The existing tenancy of the Property, which is due to expire in March 2013, will generate stable income to the Group. The Company’s current intention is that upon expiry of the existing tenancy agreement, the Property will serve as the Hong Kong headquarters of the Group, and be used by the Company for integrating its backend functions such as the Group’s distribution and processing facilities in Hong Kong. This is to cope with the expansion of the Group’s operations, and to reduce leasing expenses that would otherwise have been incurred in the long run. The centralized distribution and processing facilities will facilitate the reorganization of the Group’s current logistics functions and processes, and contribute to cost reduction and increase efficiency in delivery services by retail stores of the Group in Hong Kong. Moreover,

the Property may also serve as a food processing facility, which will help ensure the quality of the Group's food production operations. The Directors also believe that the Acquisition provides a stable operating platform for the Group, avoiding the uncertainty of fluctuating rents. This helps ensure that the management of the Company is able to focus its attention on operating, improving and developing its retail stores business.

The Directors (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY

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

DEFINITIONS

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company” or “Purchaser”	AEON Stores (Hong Kong) Co., Limited (Stock Code: 984), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Property”	the piece or parcel of ground registered in the Land Registry as Kwai Chung Town Lot No. 289 (together with the messuage erections and buildings thereon now known as Wilson Logistics Centre located at Nos. 24-28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong)
“Sale and Purchase Agreement”	the agreement for sale and purchase dated 7th December 2010 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Purchase Price”	HK\$310 million, being the total purchase price for the Property
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and Macau
“Shareholder(s)”	registered holder(s) of share(s) in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Goodman Kung Yip Investments No. 2, a company incorporated in the Cayman Islands

For and on behalf of the Board of
AEON Stores (Hong Kong) Co., Limited
Lam Man Tin
Managing Director

Hong Kong, 7th December 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Man Tin, Ms. Chan Pui Man, Christine, Mr. Yuji Yoneta and Mr. Kenji Fujita; the non-executive Directors are Mr. Akihito Tanaka, Mr. Jerome Thomas Black, Mr. Kazumasa Ishii and Mr. Fumiaki Origuchi; 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.