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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)

2009 INTERIM RESULTS AND CHANGE OF DIRECTORS

The Board of Directors (the "Board") of AEON Stores (Hong Kong) Co., Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group" or "AEON") for the 6 months ended 30 June 2009 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Six months ended 30.6.2009 HK$'000 (unaudited)	Six months ended 30.6.2008 HK$'000 (unaudited and restated)
Revenue	3	**2,815,716**	2,601,138
Other income		**192,534**	172,974
Investment income		**13,060**	19,217
Purchase of goods and changes in inventories		**(1,917,972)**	(1,717,108)
Staff costs		**(292,730)**	(285,755)
Depreciation		**(71,304)**	(60,720)
Loss on disposal of property, plant and equipment		**(22)**	(4,876)
Impairment loss recognized in respect of property, plant and equipment		**(2,935)**	--
Pre-operating expenses		**(6,696)**	(194)
Other expenses		**(624,886)**	(555,083)
Finance costs		**(3,553)**	(2,729)
Profit before taxation		**101,212**	166,864
Income tax expenses	4	**(30,945)**	(33,460)
Profit for the period		**70,267**	133,404
Profit for the period attributable to:			
Owners of the Company		**55,694**	110,100
Minority interests		**14,573**	23,304
		70,267	133,404
Earnings per share	6	**21.42 HK cents**	42.35 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30.6.2009 HK$'000 (unaudited)	Six months ended 30.6.2008 HK$'000 (unaudited and restated)
Profit for the period	**70,267**	133,404
Other comprehensive income		
Fair value gain on available-for-sale investments	**4,515**	2,535
Exchange differences arising on translation of foreign operations	**(1,014)**	11,459
Other comprehensive income for the period	**3,501**	13,994
Total comprehensive income for the period	**73,768**	147,398
Total comprehensive income attributable to:		
Owners of the Company	**59,529**	118,617
Minority interests	**14,239**	28,781
	73,768	147,398

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2009

	NOTES	**30.6.2009**	31.12.2008
		HK$'000	HK$'000
		(unaudited)	(audited and restated)
Non-current Assets			
Goodwill		**94,838**	94,838
Property, plant and equipment		**476,854**	444,062
Available-for-sale investments		**19,940**	15,425
Callable deposits		**77,620**	155,486
Time deposit		**116,430**	--
Deferred taxation		**9,279**	13,508
Rental deposits and prepayments		**98,485**	137,455
		893,446	860,774
Current Assets			
Inventories		**477,868**	549,091
Trade receivables	7	**16,435**	20,345
Other receivables, prepayments and deposits		**78,236**	47,707
Amounts due from fellow subsidiaries		**51,480**	57,830
Pledged bank deposits		**12,456**	12,265
Bank balances and cash		**1,485,100**	1,618,932
		2,121,575	2,306,170
Current Liabilities			
Trade payables	8	**977,767**	1,062,598
Other payables and accrued charges		**604,614**	641,649
Amounts due to fellow subsidiaries		**36,276**	56,502
Amount due to ultimate holding company		**18,249**	31,692
Bank borrowings		**141,232**	151,946
Income tax payable		**24,568**	9,565
Dividend payable		**770**	448
		1,803,476	1,954,400
Net Current Assets		**318,099**	351,770
Total Assets Less Current Liabilities		**1,211,545**	1,212,544
Capital and Reserves			
Share capital		**52,000**	52,000
Share premium and reserves		**996,909**	1,009,920
Equity attributable to owners of the Company		**1,048,909**	1,061,920
Minority interests		**106,614**	92,375
Total Equity		**1,155,523**	1,154,295
Non-current Liabilities			
Deposits received		**52,213**	55,675
Deferred tax liabilities		**3,809**	2,574
		56,022	58,249
		1,211,545	1,212,544

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

2. PRINCIPAL ACCOUNTING POLICIES - continued

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was geographical segments by location of assets. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the other new and revised HKFRSs has had the following effect on the reported results and financial position of the Group for the current or prior accounting periods:

HK(IFRIC) – Int 13 “Customer Loyalty Programmes”

The adoption of HK(IFRIC) - Int 13 has resulted in a change to the revenue recognition policy of the Group for its customer loyalty programme. The customer privilege programmes operated for the benefit of its customers falls within the scope of HK(IFRIC) - Int 13. Under the customer privilege programmes, the customers are entitled to receive bonus points which can be used to redeem cash coupon. Previously, the Group had accounted for the customer privilege programmes by recognising the full consideration from retail sales as revenue and cost of bonus points as expenses upon the time of redeem cash coupons. However, HK(IFRIC) - Int 13 requires that such transactions be accounted for as "multiple element revenue transactions" and that the consideration received in the initial sales transaction should be allocated between the sales of retail goods and the cost of bonus points that are earned by the customers.

This change in accounting policy has been applied retrospectively, in accordance with HK(IFRIC) – Int 13. The impact of the change in accounting policy at the beginning of the comparative period has been to decrease provision by HK$4,741,000 and increase deferred revenue by HK$7,770,000, with a corresponding adjustment of HK$3,029,000 against opening retained profit. The change has had no material tax impact. Revenue for the period has been increased by HK$1,449,000 (six months ended 30 June 2008: decreased by HK$1,178,000) and other expenses has not been increased (six months ended 30 June 2008: increased by HK$1,065,000). Profit for the period has therefore been increased by HK$1,449,000 as a result of application of HK(IFRIC) – Int 13 (six months ended 30 June 2008: decreased by HK$2,243,000). At 30 June 2009, deferred revenue of HK$4,554,000 has been recognised in the statement of financial position (31 December 2008: HK$7,770,000).

Summary of the effect of the above changes in accounting policies

The effect of changes in accounting policies described above on the results for the current and prior periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	HK$'000
Increase (decrease) in revenue	**1,449**	(1,178)
Increase in other expenses	-	(1,065)
Increase (decrease) in profit for the period	**1,449**	(2,243)

2. PRINCIPAL ACCOUNTING POLICIES - continued

The effect of changes in accounting policies described above on the financial positions of the Group as at 1 January 2008 is as follows:

	As at 1.1.2008 (originally stated) HK$'000	Adjustments HK$'000	As at 1.1.2008 (audited and restated) HK$'000
Other payable and accrued charges	1,036,747	879	1,037,626
Total effect on net assets	1,036,747	879	1,037,626
Retained profits	757,703	(549)	757,154
Minority interests	71,857	(308)	71,549
Translation reserves	12,601	(22)	12,579
Retained profits, total effects on equity	842,161	(879)	841,282

The effect of changes in accounting policies described above on the financial positions of the Group as at 31 December 2008 is as follows:

	As at 31.12.2008 (originally stated) HK$'000	Adjustments HK$'000	As at 31.12.2008 (audited and (restated) HK$'000
Other payable and accrued charges	638,620	3,029	641,649
Total effect on net assets	638,620	3,029	641,649
Retained profits	895,003	(1,968)	893,035
Minority interests	93,362	(987)	92,375
Translation reserves	17,824	(74)	17,750
Retained profits, total effects on equity	1,006,189	(3,029)	1,003,160

The effect of changes in accounting policies described above on the Group's basic earnings per share for the current and prior period is as follows:

Impact on basic earnings per share

	Six months ended	
	30.6.2009 **HK cents**	30.6.2008 HK cents
Reported figures before adjustments	**20.86**	42.91
Adjustments arising from changes in accounting policies	**0.56**	(0.56)
Restated	**21.42**	42.35

2. PRINCIPAL ACCOUNTING POLICIES - continued

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in a loss of control of the subsidiary will be accounted for as equity transactions. The Directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the invoiced value of goods, net of discounts, sold to customers, and income from concessionaire sales during the period.

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	HK$'000
Direct sales	**2,440,128**	2,217,706
Income from concessionaire sales	**375,588**	383,432
Revenue	**2,815,716**	2,601,138

As stated in note 2, the Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. Information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance is focused on the retail stores of the Group located in different locations. The reportable segments represented the aggregate of operating segments with similar economic characteristics and are identified by the chief operating decision maker as two separate reportable segments of Hong Kong and the PRC. The existing identification of the Group's reportable segments under HKFRS 8 is consistent with that of the prior year's presentation of geographical segment under HKAS 14.

3. TURNOVER AND SEGMENT INFORMATION - continued

Six months ended 30 June 2009

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
REVENUE	**1,585,856**	**1,229,860**	**2,815,716**
SEGMENT RESULT	**94,902**	**(3,197)**	**91,705**
Interest income			**13,060**
Finance costs			**(3,553)**
Profit before taxation			**101,212**
Income tax expenses			**(30,945)**
Profit for the period			**70,267**

Six months ended 30 June 2008

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
REVENUE	1,488,793	1,112,345	2,601,138
SEGMENT RESULT	85,302	65,074	150,376
Dividend income			568
Interest income			18,649
Finance costs			(2,729)
Profit before taxation			166,864
Income tax expenses			(33,460)
Profit for the period			133,404

Segment profit represents the profit earned by each segment without allocation of dividend income, investment revenue and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSES

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**12,000**	15,613
PRC income tax	**14,075**	16,687
	26,075	32,300
Under(over)provision in prior year		
Hong Kong Profits Tax	**646**	-
PRC income tax	**(1,240)**	241
	(594)	241
Deferred tax:		
Current year	**5,464**	169
Attributable to change in tax rate	**-**	750
	5,464	919
	30,945	33,460

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The PRC income tax is calculated at 20% and 25% (six months ended 30.06.2008: 18% and 25%) of the estimated assessable profits of the subsidiaries.

Deferred tax liabilities in respect of the withholding tax at 5% of the undistributed earnings of subsidiaries has been provided for both periods.

5. DIVIDENDS

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	HK$'000
Final dividend paid in respect of the year ended 31 December 2008 of 27.9 HK cents (year ended 31 December 2007: 26.0 HK cents) per ordinary share	**72,540**	67,600

The Board of Directors has declared on 18 September 2009 that an interim dividend of 9.6 HK cents (six months ended 30.6.2008: 19.3 HK cents) per share amounting to HK$24,960,000 (six months ended 30.6.2008: HK$50,180,000) be paid to the shareholders of the Company whose names appear on the Register of Members on 16 October 2009. The interim dividend will be paid on or before 28 October 2009.

6. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the Group's profit for the period attributable to the owners of the Company of HK$55,694,000 (six months ended 30.6.2008: restated at HK$110,100,000) and on 260,000,000 (six months ended 30.6.2008: 260,000,000) ordinary shares in issue during the period.

No diluted earnings per share have been presented as there were no potential ordinary shares in issue for both periods.

7. TRADE RECEIVABLES

The Group does not have a defined fixed credit policy as its major trade receivables arise from credit card sales.

The following is an aged analysis of trade receivables at the end of respective reporting periods:

	30.6.2009	31.12.2008
	HK$'000	HK$'000
Within due dates	**16,380**	20,345
Overdue under 30 days	**55**	--
	16,435	20,345

8. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of respective reporting periods:

	30.6.2009	31.12.2008
	HK$'000	HK$'000
Within due dates	**808,561**	971,176
Overdue under 30 days	**93,721**	43,257
Overdue over 30 days	**75,485**	48,165
	977,767	1,062,598

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 October 2009 to 16 October 2009 (both days inclusive), during which period no share transfers will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates, must be lodged for registration with the Company’s share registrar, Tricor Secretaries Limited, at 26 Floor Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 October 2009.

BUSINESS REVIEW

For the six months ended 30 June 2009, the Group recorded revenue of HK$2,815.7 million, representing a moderate 8% growth from HK$2,601.1 million for the last corresponding period. The sustained growth was mainly driven by the new stores added during the period as well as special promotions to boost sales in the economic downturn. The promotional sales, however, caused gross profit margin to drop to 31.9% from 34.0% in the last corresponding period. This, plus the below expectation performance of the south China business as affected by the undesirable economic environment, several new stores still in investment stage and impairment loss arising from certain refundable prepaid rental not being accepted in arbitration, dragged down profit attributable to shareholders to HK$55.7 million (2008: HK$110.1 million).

During the first half of 2009, the Hong Kong economy was still weak with unemployment rate rising and consumption sentiment declining. However, thanks to the new stores added and rounds of promotional sale launched during the period, the Group's Hong Kong operations recorded HK$1,585.9 million in revenue, a 7% growth against HK$1,488.8 million in the last corresponding period albeit the partial closure of JUSCO Tsuen Wan Store for renovation. Segment result for the period rose 11% from HK$85.3 million to HK$94.9 million, mainly attributable to increased revenue and effective cost saving measures.

During the period, the Group opened two stores in Shatin and Lai Chi Kok which delivered satisfactory performances. JUSCO Tsuen Wan Store was renovated and re-opened in May with an enhanced shopping environment to serve consumers with strong spending power in the district. As at the end of the review period, the Group had 31 stores operating in densely populated residential districts in Hong Kong.

Economies in south China were not spared in the economic downturn and as a result the Group's operations in the PRC were also affected. Attributable to the new stores opened in Foshan and Shenzhen and full six months contribution from the Huizhou Store, the Group recorded an 11% increase in revenue from the PRC market, rising from HK$1,112.3 million in the last corresponding period to HK$1,229.9 million in the review period. As for the established stores, however, they felt the pressure from the economic downturn and because of that and the newly opened stores still in investment stage, together with the impairment loss arising from refundable prepaid rental of HK$13 million not being accepted in arbitration, the PRC operations recorded loss of HK$3.2 million (2008: profit of HK$65.1 million) for the first half of 2009.

As at 30 June 2009, the Group operated 15 stores in south China.

During the review period, staff cost to revenue improved from 11.0% to 10.4%, a result of effective cost trimming measures, whereas rental cost to revenue went up from 10.1% to 11.3%. Excluding the impairment loss of prepaid rental, the ratio of rental cost to revenue should have been up slightly from 10.1% to 10.9%.

The Group maintained a stable net cash position with cash and bank balances of HK$1,485 million as at 30 June 2009 (31 Dec 2008: HK$1,619 million) and short-term bank borrowings of HK$141 million (31 Dec 2008: HK$152 million). The borrowings were denominated in Renminbi bearing interest calculated with reference to the People's Bank of China lending rate.

The Group's bank deposits of HK$12.5 million (31 Dec 2008: HK$7.7 million) were pledged to banks for guarantee to landlords for rental deposits, whereas nil (31 Dec 2008: HK$4.6 million) for guarantee to suppliers for trade purchases respectively.

Capital expenditure for the period amounted to HK$108 million, which was used to fund renovation of an existing store and opening of new stores. The Group will continue to finance capital expenditure with internal resources and short-term borrowings.

Fluctuation of exchange rates had no material impact on the Group as less than 5% of its total purchases was settled in foreign currencies.

Prospects

Hong Kong Operations

As the Hong Kong economy is expected to remain weak given the slow resolution of the global financial crisis, consumers will continue to be cautious in spending, which will be a challenge to the Group's business. However, there are signs that the retail market is gradually recovering. According to the Census and Statistics Department, total volume of retail sales had a 0.4% rebound in the second quarter of 2009 against the first quarter. The Group believes the retail market will take time to pick up, but it is positive about the performance of its operations in Hong Kong in the medium to long run.

To maintain sales performance in the tough market environment, the Group will carry out more innovative and effective sales promotion campaigns. It will also target to open one more store in Tseung Kwan O in December 2009 to meet the demand of the growing number of residents in the district. The Group will look for more locations suitable for opening new stores to strengthen its retail outlet network.

On 7 July 2009, the environmental levy scheme on plastic shopping bags took effect requiring prescribed retailers to collect a 50 HK cents environmental levy for providing each plastic shopping bag with handle from customers. As a responsible retailer and keen supporter of environmental protection, AEON Stores set up an internal working group and provided training to its frontline staff in relation to the scheme to make sure of its smooth operation. However, the newly-implemented scheme may have impact on consumers' purchasing habits, especially in supermarket area. The Group hopes the negative impact of the scheme on the retail industry will recede when the public gradually gets used to the scheme.

PRC Operations

Although the PRC economy is also adversely affected by the global economic downturn, with the Chinese Government having promptly launched different initiatives to stimulate domestic consumption, the management believes the PRC market, especially economies in south China, will rebound gradually later this year. To capture related opportunities, the Group plans to open two more stores in Guangzhou in the second half of 2009. It will continue to increase retail outlets at suitable locations so as to achieve greater economies of scale, boost its brand in the PRC and ultimately accelerate growth in the market.

HUMAN RESOURCES

As at 30 June 2009, the Group had approximately 6,900 full-time and 1,700 part-time employees in Hong Kong and the PRC. The Group remunerates employees based on their performance, experience and prevailing practices of the industry. Committed to delivering the highest standard of service to all its customers, the Group will continue to place efforts at enhancing the quality and skills of its staff. Concurrently, it will seek to create an environment where employees can grow and enjoy a sense of camaraderie as well as loyalty to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board of the Company has complied throughout the six months ended 30 June 2009 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules. In the opinion of the Directors, the Company has complied throughout the period with the Code.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2009 with management.

PUBLIC FLOAT

The Company's public float as at 18 September 2009 was approximately 17.24% which was less than the percentage threshold required under Rule 8.08 of the Listing Rules. The Company is still in the process of considering steps to restore the public float to 25% in compliance with Rule 8.08 of the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report for the six months ended 30 June 2009 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of the Company in due course.

CHANGE OF DIRECTORS

The Board also announces that with effect from 18 September 2009:

1. Mr. Yutaka Fukumoto has resigned as the Deputy Managing Director and an Executive Director of the Company;
2. Mr. Susumu Inoue has resigned as a Non-executive Director of the Company;
3. Miss Chan Pui Man, Christine and Mr. Yuji Yoneta have been appointed as Executive Directors of the Company;
4. Mr. Fumiaki Origuchi has been appointed as a Non-executive Director of the Company.

Mr. Yutaka Fukumoto and Mr. Susumu Inoue

Mr. Fukumoto and Mr. Inoue shall take up new management post in the subsidiaries of AEON Co., Ltd., the ultimate holding company of the Company, following their resignation from the Board.

Mr. Fukumoto and Mr. Inoue have confirmed that they have no disagreement with the Board and there are no other matters in relation to their resignations that need to be brought to the attention of the shareholders of the Company.

The Board would like to thank Mr. Fukumoto and Mr. Inoue for their valuable contribution to the Company during their tenure of office.

Miss Chan Pui Man, Christine

Miss Chan (aged 58) is the General Manager of the Buying Division of the Company. She joined the Company in 1998 and has over 20 years of experience in the buying field as well as operations. She is a graduate of the State of Washington University with a bachelor's degree in Business Administration.

There is no service contract between the Company and Miss Chan. She will be entitled to an annual director's fees of HK$60,000, and an annual remuneration including fringe benefits and allowance of HK$965,000 (both of which will be pro-rata to the period of services in the year of her appointment) for the year ending 31 December 2009.

As at the date of this announcement, Miss Chan does not have any interest in the share capital of the Company and its associated corporations within the meaning of Part XV of the Securities & Futures Ordinance (“SFO”).

Mr. Yuji Yoneta

Mr. Yoneta (aged 44) is the General Manager of GMS Operations of the Company. He joined AEON Co., Ltd. in 1988 and transferred to AEON Co. (M) Bhd. in 1999. He joined the Company in April 2009. He has over 20 years of experience in the buying field as well as operations. He is a graduate of the Kyoto Sangyo University with a bachelor’s degree in Business Administration.

There is no service contract between the Company and Mr. Yoneta and he is entitled to an annual remuneration including fringe benefits and allowance of HK$1,547,000 (which will be pro-rata to the period of services in the year of his appointment) for the year ending 31 December 2009.

As at the date of this announcement, Mr. Yoneta has personal interests in 800 shares in AEON Co., Ltd..

Mr. Fumiaki Origuchi

Mr. Origuchi (aged 46) was a General Manager of AEON (China) Co., Ltd. a wholly owned subsidiary of the Company. He joined AEON Co., Ltd. in 1986 and has over 20 years of experience in the buying field as well as operations. He is a graduate of the Kansai University with a bachelor’s degree in Sociology.

There is no service contract between the Company and Mr. Origuchi. He has entered into a service contract with AEON (China) Co., Ltd. for 1 year commencing on 1 May 2009 and ending on 1 May 2010 whereby he is entitled to an annual remuneration of HK$1,623,000 (which will be pro-rata to the period of service in the year of his appointment).

As at the date of this announcement, Mr. Origuchi does not have any interests in the share capital of the Company and its associated corporations within the meaning of Part XV of the SFO.

General Information

The emoluments of the Directors are determined by the Board with reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. All Directors of the Company (whether appointed for specific term or not) are subject to retirement and re-election at each annual general meeting of the Company in accordance with the articles of association of the Company. Save as disclosed herein, (i) Miss Chan Pui Man, Christine, Mr. Yuji Yoneta and Mr. Fumiaki Origuchi do not hold any directorship in other listed companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor they have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with their appointment.

The Board would like to welcome Miss Chan, Mr. Yoneta and Mr. Origuchi on their appointment.

By Order of the Board
LAM Man Tin
Managing Director

Hong Kong, 18 September 2009

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Man Tin, Mr. Wong Mun Yu, Ms. Chan Pui Man, Christine and Mr. Yuji Yoneta; the non-executive Directors are Mr. Akihito Tanaka, Mr. Masaaki Toyoshima, 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.