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INSIDE INFORMATION

This announcement is made by AEON Stores (Hong Kong) Co., Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Future Ordinance (Cap.571, Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Recently the Group has been experiencing the continuous slowdown of the economy in Hong Kong and China and consequential negative impact on consumer sentiment. As one of the counter measures, the Company is transforming its Kornhill and Whampoa general merchandise stores into new “AEON Style Stores”, featuring a fresh store layout, enhanced merchandise mix and a more stylish and comfortable shopping environment which would bring a brand new shopping experience to customers. The Group expects that the new business format will be welcomed by customers.

Against such background, the Board of Directors of the Company (the “**Board**”) also wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, the Board is reviewing the Company’s dividend policy and is considering to replace the current dividend policy based on a 50% payout ratio of the Group’s earnings by a new dividend policy based on the payment of a stable dividend amount to our shareholders. The proposed change of the Company’s dividend policy is to ensure a stable return to our shareholders in light of the recent variation in the Group’s performance and to use the Group’s capital more effectively.

The Company is still in the process of reviewing the dividend policy, and the Company has not yet concluded details of any new dividend policy. More details will be explained together with our interim results in mid-August 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 June 2016

As at the date of this announcement, the Executive Directors are Ms. Chan Pui Man, Christine, Mr. Yoshiaki Mizushima, Mr. Hideaki Yajima and Mr. Chak Kam Yuen; the Non-executive Directors are Ms. Yuki Habu and Mr. Shinya Wako; and the Independent Non-executive Directors are Ms. Cheng Yin Ching, Anna, Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty and Mr. Chow Chi Tong.