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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 THE EARLY TERMINATION OF A TENANCY AGREEMENT**

On 29 November 2021, ASC, a wholly-owned subsidiary of the Company, as tenant, issued the Notice in respect of the tenancy of the Premises to the Landlords to early terminate the remaining lease term of the Tenancy Agreement with effect from 1 June 2022.

Pursuant to HKFRS 16, following the issuance of the Notice, the Company shall derecognise the right-of-use asset in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Notice will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognised by the Group under the Notice amounted to approximately RMB75.1 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Notice based on the value of the right-of-use asset to be derecognised by the Group pursuant to HKFRS 16 is 5% or more but is less than 25%, the Notice when issued to the Landlords constitutes a discloseable transaction of the Company and is subject to the notification and announcement but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 29 November 2021, ASC, a wholly-owned subsidiary of the Company, as tenant, issued the Notice in respect of the tenancy of the Premises to the Landlords to early terminate the remaining lease term of the Tenancy Agreement with effect from 1 June 2022.

## **The Notice**

The principal terms of the Notice are as follow:

- Date: Signed by ASC and served on the Landlords on 29 November 2021
- Parties: ASC, as tenant; and  
the Landlords, as landlord
- Premises: 中國廣東省東莞市大朗鎮朗東路 1 號遠大城市廣場負一至三樓
- Early termination: the Tenancy Agreement, which is for a term of 15 years from 2 July 2017, shall be early terminated on 31 May 2022 whereas ASC shall vacate from the Premises on or before 30 June 2022 pursuant to the terms and conditions of the Tenancy Agreement

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in the operation of general merchandise stores in Hong Kong and the PRC.

The Landlords are Shengxing and Huishi. Shengxing is principally engaged in real estate investment, real estate development, production and sales of woolen fabrics, woolen fabrics, knitwear, combed fabrics, clothing, apparel, shoes, hats, socks, textile materials (excluding hazardous chemicals) and its ultimate beneficial owners are 陳錫培, 陳錫強 and 東莞市盈徽實業投資有限公司 holding 55%, 15% and 30% of its shareholdings respectively. The ultimate beneficial owners of 東莞市盈徽實業投資有限公司, a company incorporated in the PRC, are 葉沛華, 陳錫強 and 黃莉莉 (each holding 20% of its shareholding respectively) and 鐘秋明, 鐘達光, 盧紅花 and 張柱海 (each holding 10% of its shareholding respectively). Huishi is principally engaged in industrial investment, leasing of factory and commercial shops and business management consulting and is a wholly owned subsidiary of 東莞市大朗資產經營管理有限公司, a company incorporated in the PRC and held by the People's Government of the Dalang Town which is an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlords and its ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT**

The principal business of the Group is the operation of retail businesses through chain stores under the trade names of “AEON STYLE”, “AEON” and “AEON SUPERMARKET” in Hong Kong and the PRC.

Pursuant to the Tenancy Agreement, ASC has been operating a retail store at the Premises since July 2017. ASC has recorded continuous losses in this store up to the six-month period ended the 30 June 2021. The Board is of the opinion that the early termination of the Tenancy Agreement under the Notice will help ASC to reduce financial burden in the long run. Therefore, the Board considers that the terms of the Notice and its issuance are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, following the issuance of the Notice, the Company shall derecognise the right-of-use asset in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Notice will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognised by the Group under the Notice amounted to approximately RMB75.1 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Notice based on the value of the right-of-use asset to be derecognised by the Group pursuant to HKFRS 16 is 5% or more but is less than 25%, the Notice when issued to the Landlords constitutes a discloseable transaction of the Company and is subject to the notification and announcement but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“ASC” AEON South China Co., Ltd.\*(永旺華南商業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Board”	board of Directors
“Company”	AEON Stores (Hong Kong) Co., Limited (永旺(香港)百貨有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 984)
“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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huishi”	Dongguanshi Huishi Shiye Touzi Co., Ltd.* (东莞市汇实实业投资有限公司), a company incorporated in the PRC
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Group and is third party independent of the Group and its connected persons under the Listing Rules
“Landlords”	Shengxing and Huishi
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the Notice of Early Termination of the Tenancy Agreement dated 29 November 2021 issued by ASC to the Landlords
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	中国广东省东莞市大朗镇朗东路 1 号远大城市广场负一至三楼
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) in the Company from time to time
“Shengxing”	Dongguanshi Shengxing Shiye Touzi Co., Ltd.* (东莞市聖興實業投資有限公司), a company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement”      The Tenancy Agreement dated 27 December 2012 and the Supplemental Agreement dated 31 December 2020 in relation to the tenancy of the Premises

“%”      per cent.

*\* the English names of the entities incorporated in the PRC are translation of their respective Chinese company names for the purpose of identification only*

By Order of the Board  
**AEON Stores (Hong Kong) Co., Limited**  
**Isei NAGAKAWA**  
*Chairman*

Hong Kong, 29 November 2021

*As at the date of this announcement, the Executive Directors are Mr. Isao Sugawara, Mr. Chak Kam Yuen, Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Isei Nagakawa, Ms. Yuki Habu and Mr. Makoto Fukuda; and the Independent Non-executive Directors are Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty, Mr. Chow Chi Tong and Mr. Hideto Mizuno.*