

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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 LEASE AGREEMENT**

The Board is pleased to announce that on 31 January 2022, AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and the Lessor as lessor entered into the Lease Agreement in respect of the lease of the Premises for a term of fifteen years commencing from the Commencement Date. The Premises will be leased by AEON GD from the Lessor for operating its retail businesses therein.

Pursuant to HKFRS 16, the entering into of the Lease Agreement by AEON GD will require the Group to recognise the Premises as a right-of-use asset. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Group under the Lease Agreement amounted to approximately RMB17.0 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Lease Agreement based on the value of the right-of-use asset to be recognised by the Group pursuant to HKFRS 16 is more than 5% and below 25%, the entering into of the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 January 2022, AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and the Lessor as lessor entered into the Lease Agreement in respect of the lease of the Premises for a term of fifteen years commencing from the Commencement Date. The Premises will be leased by AEON GD from the Lessor for operating its retail businesses therein.

The Lease Agreement

The principal terms of the Lease Agreement are as follow:

- Date: 31 January 2022
- Parties: (a) AEON GD, as lessee; and
(b) the Lessor, as lessor
- Premises: 中國廣東省廣州市南沙區黃閣鎮廬前山南路與黃閣大道交匯處悅方城自編2001 商鋪(English translation for reference: Shop No.2001 Yuefangcheng, interchange between Luqianshan South Road and Huangge Road, Nansha District, Guang Zhou City, Guangdong Province, China)
- Term: Fifteen years from the Commencement Date
- Rent and management fee: The total basic rent (including tax) payable under the Lease Agreement during the term is approximately RMB32.3 million (exclusive of management fee, other charges and outgoings) which is subject to turnover rent as may be imposed pursuant to the terms and conditions of the Lease Agreement. The total management fee (including tax) payable under the Lease Agreement during the term is approximately RMB14.8 million (inclusive of air-conditioning charges). The rent and management fee under the Lease Agreement have been determined after arm's length negotiations between AEON GD and the Lessor, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.
- Rent Free Periods: Twelve months rent free period from the Commencement Date plus a six-month rent-free renovation period from the handover date of the Premises
- Usage: For the purpose of AEON GD's operation of a retail store in the name of "AEON" "永旺"
- Deposit: In the sum of RMB500,000 and by way of bank guarantee

INFORMATION OF THE PARTIES

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

The Lessor is principally engaged in property development, management and leasing and related auxiliary services.

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

REASONS FOR AND BENEFITS OF THE LEASE 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. Due to the nature of its retail businesses, the Group has to enter into tenancy agreements for the leasing of retail stores from time to time. Each of the retail stores, especially sizable stores like the Premises, contributes to and maintains the Group’s scale of operation which in turn benefits the Group in lowering the overall operation costs, in enhancing the Group’s negotiations with its business partners and in expanding its store network and market shares.

The terms of the Lease Agreement, including the rental charge, were determined after arm’s length negotiations between the Parties and with reference to the open market rent of comparable properties and the rental payment made for other retail stores operated by the Group. The entering into of the Lease Agreement is necessary for the operation of the retail business in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Lease Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreement is in ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Lease Agreement as tenant by AEON GD will require the Group to recognise the Premises as a right-of-use asset. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Group under the Lease Agreement amounted to approximately RMB17.0 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreement is more than 5% and below 25%, the entering into of the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements 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.

“AEON GD”	廣東永旺天河城商業有限公司(Guangdong AEON Teem Co., Ltd.), a company incorporated in the PRC and owned as to 65% by the Company
“Board”	board of Directors

“Commencement Date”	The day immediately following expiry of the first six months from the actual handover date of the Premises from the Lessor to AEON GD
“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 directors 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
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 in accordance with the Listing Rules
“Lessor”	廣州方圓輝宏房地產有限公司, a company incorporated in the PRC which is an indirect subsidiary of 深圳市盛鈞投資管理有限公司 (“Shengjun”, holding 35% of its shareholding) and 廣州方圓樂維投資有限公司 (“Lewei”, holding 65% of its shareholding) and the Lessor and its ultimate beneficial owner(s) are Independent Third Parties.
“Lease Agreement”	The Lease Agreement dated 31 January 2022 in respect of the Premises entered into by AEON GD and the Lessor
“Lewei”	廣州方圓樂維投資有限公司, a company established in the PRC with limited liability and is ultimately beneficially owned as to 78.5% by Lui Ying Ki and as to 21.5% by 深圳銀盟投資有限公司, a company incorporated in the PRC, whose ultimate beneficial owners are 李科 and 許嘉祥 holding 70% and 30% of its shareholdings respectively
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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”	中國廣東省廣州市南沙區黃閣鎮廬前山南路與黃閣大道交匯處悅方城自編 2001 商鋪(English translation for reference: Shop

	No.2001 Yuefangcheng, interchange between Luqianshan South Road and Huangge Road, Nansha District, Guang Zhou City, Guangdong Province, China)
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the shares in the Company from time to time
“Shengjun”	深圳市盛鈞投資管理有限公司, a company established in the PRC with limited liability and an indirect subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), the H shares and A shares of which are listed on the Stock Exchange (stock code: 2318) and the Shanghai Stock Exchange (stock code: 601318), respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 31 January 2022

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, Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Law Chi Yan Joyce.