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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)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE COMMISSION PAYMENT TRANSACTIONS**

Reference is made to the announcements of the Company dated 3 April 2020 & 23 April 2020 in relation to the Master Agreement entered into between the Company and AEON Credit in respect of certain commission payment transactions.

The Board is pleased to announce that on 1 February 2023, the Company and AEON Credit entered into the Renewal Agreement to renew the Master Agreement for a further term of three years effective from 15 April 2023 to 14 April 2026.

As at the date of this announcement, AEON Credit is a connected person of the Company by virtue of it being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the Commission Payment Transactions constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Annual Caps exceed 0.1% but are below 5%, the Renewal Agreement and the Commission Payment Transactions are subject to annual review and the applicable disclosure requirements under Chapter 14A of the Listing Rules but are exempt from the shareholders' approval requirements under Chapter 14A of the Listing Rules.

**1. BACKGROUND**

Reference is made to the announcements of the Company dated 3 April 2020 and 23 April 2020 and in relation to the Master Agreement entered into between the Company and AEON Credit in respect of certain commission payment transactions.

The Board is pleased to announce that on 1 February 2023, the Company and AEON Credit entered into the Renewal Agreement to renew the Master Agreement for a further term of three years effective from 15 April 2023 to 14 April 2026.

The Renewal Agreement may be terminated prior to the expiry of such fixed term by either party thereto giving not less than 90 days' prior written notice of its intention to do so to the other party. Subject to compliance with the Listing Rules, the Renewal Agreement may be renewed on such terms and conditions as the parties to the Renewal Agreement may mutually agree.

## **2. COMMISSION PAYMENT TRANSACTIONS**

### **Nature of Transactions**

Under the Renewal Agreement, the Company shall pay to AEON Credit commissions in return for AEON Credit providing customers of the Company with the following facilities and solutions:

1. credit purchase facilities made available to customers of the Company for making purchases at the Company's stores using AEON JUSCO Mastercard (now known as AEON Mastercard Credit Card), AEON JUSCO VISA Card (now known as AEON Visa Credit Card), AEON JUSCO JCB Card (now known as AEON JCB Credit Card), AEON JUSCO UnionPay Credit Card (now known as AEON UnionPay Credit Card) and any other co-branded credit cards as the parties may from time to time agree;
2. card instalment plan made available to customers of the Company for making purchases of goods and/or services at the Company's stores;
3. other payment solutions made and to be made available to customers of the Company for making purchases from time to time, including the usage of any kind of credit, debit, pre-paid and/or stored value cards or other medium or facilities owned and/or operated by AEON Credit; and
4. other related services provided to the Company or its customers which are derived from or ancillary to the transactions described above or arising out of the cards or other medium or facilities from time to time.

### **Pricing**

The commissions in respect of the Commission Payment Transactions payable by the Company to AEON Credit are calculated on the basis of fixed percentages of the sales generated by the credit purchase facilities or the payment solutions provided by AEON Credit ("Sales Amount"), depending on the type of service provided and are subject to revisions from time to time after arm's length negotiations between the parties. The currently agreed commissions payable by the Company range from 0.42% to 3.20% of the relevant Sales Amount. The payment terms for the Commission Payment Transactions, unless otherwise agreed by the parties, are 10 days.

These commission rates (as may be revised from time to time) are and will be determined between the Company and AEON Credit after arm's length negotiations. In negotiating and agreeing the commission rates and other terms of the Commission Payment Transactions with AEON Credit, the Company takes into account the prevailing market commission rates for similar types of transactions that are provided

and/or made available by two or more independent third parties to the Company and gives credit to AEON Credit for any ancillary services provided and to be provided to the customers of the Company by AEON Credit. Further, the Company has compared the fees charged by other independent third parties in the market for similar services to ensure that the price and terms offered by AEON Credit are better than those offered by such third parties.

For any other credit facilities that may be provided by AEON Credit to the Company's customers or any other related services that may be provided by AEON Credit to the Company from time to time, the Company will negotiate and agree on the commission rates, fees and/or charges (as the case may be) and other terms of such credit facilities or related services with AEON Credit on the basis as mentioned above. The Company will also compare the fees charged by other independent third parties in the market for similar services to ensure that the price and terms offered by AEON Credit are better than those offered by such third parties.

### **3. ANNUAL CAPS**

The Directors estimate that the maximum aggregate amount payable by the Company to AEON Credit on an annual basis in respect of the Commission Payment Transactions will not exceed the annual caps (the "Annual Caps") below:

| <b>Financial Year/Period</b> | <b>Annual Caps</b> |
|------------------------------|--------------------|
| 15/4/2023 to 31/12/2023      | HK\$9.1 million    |
| 1/1/2024 to 31/12/2024       | HK\$12.7 million   |
| 1/1/2025 to 31/12/2025       | HK\$12.7 million   |
| 1/1/2026 to 14/4/2026        | HK\$3.6 million    |

In arriving at the Annual Caps, the Directors took into account (i) the historical commission paid by the Company to AEON Credit under the Master Agreement for the three years ended 31 December 2022, being approximately HK\$13.4 million, HK\$12.9 million and HK\$11.2 million, respectively, (ii) the Company's business projections, and (iii) the currently agreed commission rates for the Commission Payment Transactions.

### **4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Directors believe that the provision of various credit cards and credit purchase facilities by AEON Credit, which have become increasingly popular with the Company's customers, has provided further value-added service to the Company's customers and has cultivated stronger customer loyalty. The provision of other payment solutions and related services by AEON Credit will further contribute positively in building sales and extending the Company's customer base and the Directors expect that there will be continual growth in sales attributable to the various payment solutions and related services to be provided by AEON Credit to customers of the Company.

The Directors, including all the independent non-executive Directors, are of the view that (i) the Renewal Agreement and the transactions contemplated thereunder (including the Commission Payment Transactions) are on normal commercial terms; (ii) the terms of the Renewal Agreement and the transactions contemplated thereunder, together with the Annual Caps, are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (iii) the Renewal Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the Company's business.

At a Board meeting convened to consider the Renewal Agreement, Mr. Isei Nakagawa, Mr. Isao Sugawara, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Makoto Fukuda and Mr. Hiroyuki Inohara were regarded as potentially having a material interest in the Renewal Agreement and accordingly abstained from voting on the relevant resolutions.

## **5. LISTING RULES IMPLICATIONS**

As at the date of this announcement, AEON Credit is a connected person of the Company by virtue of it being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the Commission Payment Transactions constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Annual Caps exceed 0.1% but are below 5%, the Renewal Agreement and the Commission Payment Transactions are subject to annual review and the applicable disclosure requirements under Chapter 14A of the Listing Rules but are exempt from the shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **6. INFORMATION ABOUT THE PARTIES**

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

AEON Credit is principally engaged in the provision of consumer finance services, which include the issuance of credit cards and the provision of personal loan financing, insurance agency and brokerage business, and microfinance business.

## **7. DEFINITIONS**

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

|           |   |
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| “AEON Co” | AEON Co., Ltd., a company incorporated in Japan with limited liability, the issued shares of which are listed on the Tokyo Stock Exchange |
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|-------------------------------------|---|
| “AEON Credit”                       | AEON Credit Service (Asia) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange  |
| “Board”                             | the board of Directors  |
| “Commission Payment Transactions”   | transactions to be entered into between the Company and AEON Credit from time to time under the Renewal Agreement, pursuant to which the Company will pay to AEON Credit commissions in respect of purchases made by customers of the Company by using credit purchase facilities provided by AEON Credit from time to time including, but not limited to, various credit cards issued by AEON Credit, namely AEON JUSCO Mastercard (now known as AEON Mastercard Credit Card), AEON JUSCO VISA Card (now known as AEON Visa Credit Card), AEON JUSCO JCB Card (now known as AEON JCB Credit Card), AEON JUSCO UnionPay Credit Card (now known as AEON UnionPay Credit Card) and any other co-branded credit cards as the parties may from time to time agree, credit instalment facilities, other credit facilities, other payment solutions and other related services provided and that may be provided by AEON Credit |
| “Company”                           | AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange  |
| “connected person”                  | has the meaning ascribed thereto under the Listing Rules  |
| “continuing connected transactions” | has the meaning ascribed thereto under the Listing Rules  |
| “controlling shareholder”           | has the meaning ascribed thereto under the Listing Rules  |
| “Director(s)”                       | the director(s) of the Company  |
| “HK\$”                              | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                         | the Hong Kong Special Administrative Region, PRC  |

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|---------------------|--|
| “Listing Rules”     | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Master Agreement”  | the agreement dated 15 April 2005 entered into between the Company and AEON Credit in respect of certain commission payment transactions, as renewed by the renewal agreements dated 14 April 2008, 15 April 2011, 16 April 2014, 13 April 2017 and 3 April 2020 respectively. |
| “PRC”               | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan   |
| “Renewal Agreement” | the agreement dated 1 February 2023 entered into between the Company and AEON Credit renewing the Master Agreement for a further term of three years effective 15 April 2023 to 14 April 2026  |
| “Stock Exchange”    | The Stock Exchange of Hong Kong Limited  |

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

Hong Kong, 1 February 2023

*As at the date of this announcement, the Executive Directors are Mr. Isao Sugawara, Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Isei Nakagawa, Mr. Makoto Fukuda and Mr. Hiroyuki Inohara; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting.*