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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
MASTER AGREEMENT**

Reference is made to the announcements of the Company dated 7 November 2017 and 15 December 2020 in relation to the Existing Master Agreement entered into between the AEON GD and AEON Mall BM.

The Board wishes to announce that on 15 December 2023, AEON GD, a subsidiary of the Company, and AEON Mall BM entered into the Master Agreement to govern certain transactions arising out of AEON GD's lease of the Premises.

As at the date of this announcement, AEON Mall BM is a connected person of the Company by virtue of it being an indirect subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the Master Agreement 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 in respect of the Annual Caps are 0.1% or more but less than 5%, the transactions thereunder are subject to annual review and the applicable disclosure requirements under Chapter 14A of the Listing Rules and 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 7 November 2017 and 15 December 2020 in relation to the Existing Master Agreement entered into between the AEON GD and AEON Mall BM.

AEON GD, a subsidiary of the Company, and the Landlord, an Independent Third Party, entered into a tenancy agreement on 19 May 2017 in respect of the Premises, which

forms part of the Dali Mall, for 20 years from 19 December 2017. The remaining premises at the Dali Mall has been leased to AEON Mall BM.

The Board wishes to announce that on 15 December 2023, AEON GD and AEON Mall BM, a connected person of the Company, entered into the Master Agreement to govern certain transactions arising out of AEON GD's lease of the Premises.

2. THE MASTER AGREEMENT

Date

15 December 2023

Parties

- i) AEON GD; and
- ii) AEON Mall BM.

Nature of transactions

Utilities expenses

Utilities expenses, comprising water and electricity charges, shall be payable by AEON GD to AEON Mall BM. The amount of water / electricity charges payable by AEON GD shall be determined based on the actual usage of AEON GD and unit rates stipulated in the invoices issued by the local water / electricity supply departments.

AEON GD shall make payment of the utilities expenses within ten (10) Business Days of receipt of a payment invoice from AEON Mall BM. AEON Mall BM shall pay the amounts received on behalf of AEON GD to relevant local authorities.

Property Management

Monthly property management fees shall be payable by AEON GD to AEON Mall BM and shall cover, among other things, (i) cleaning fees in respect of public areas within the Dali Mall; (ii) cleaning and maintenance fees in respect of public facilities within the Dali Mall; (iii) afforestation fees in respect of public areas within the Dali Mall; and (iv) fees for the maintenance of safety and security in public areas and carpark of the Dali Mall. A fixed rate of RMB10 (tax inclusive) per square metre of the Premises shall apply towards the calculation of the property management fees payable by AEON GD.

Payment of the property management fees by AEON GD to AEON Mall BM shall be made before the 10th day of each month and upon receipt of payment, AEON Mall BM shall issue a relevant VAT invoice to AEON GD before the 15th day of that month.

Signage

AEON Mall BM agrees that AEON GD may set up signage on the façade of the Premises in accordance with mutually agreed location plan. Prior to installation, AEON GD shall submit its design and implementation plan for AEON Mall BM's approval. AEON GD shall bear its own costs in relation to the application, installation, maintenance and removal of the signage.

Term

The term of the Master Agreement is from 19 December 2023 to 18 December 2026.

3. ANNUAL CAPS

The Directors estimate that the annual caps for each of the following periods shall be:

Financial Year/Period	Annual Caps
19/12/2023 to 31/12/2023	RMB0.23 million
1/1/2024 to 31/12/2024	RMB6.40 million
1/1/2025 to 31/12/2025	RMB6.84 million
1/1/2026 to 18/12/2026	RMB7.01 million

In arriving at the Annual Caps, the Directors have taken into account (i) the historical aggregated amount of fees paid and payable by AEON GD to AEON Mall BM under the Existing Master Agreement for the two years ending 31 December 2022 and the period from 1 January 2023 to 30 September 2023, being approximately RMB4.9 million, RMB5.1 million, RMB4.0 million respectively and (ii) the amount of utilities expenses, property management fees and other outgoings estimated to be payable by AEON GD with reference to operations and consumptions in similar stores operated by AEON GD, business growth, number and nature of AEON GD's tenants.

4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Based on information available to the Directors, the Directors understand that AEON Mall BM, as head tenant, is responsible for making payment of utilities expenses and property management fees in respect of the entire Dali Mall. Such amounts paid by AEON GD to AEON Mall BM pursuant to the Master Agreement represent AEON GD's proportionate contribution to such expenses and fees, which will then be paid by AEON Mall BM to relevant authorities or parties on behalf of AEON GD. The rates for utilities expenses and property management fees are no less favourable than those applicable to AEON Mall BM or its other tenants.

The terms of the Master Agreement have been reached after arm's length negotiations between AEON GD and AEON Mall BM. The Directors (including the independent non-executive Directors) are of the opinion that:

- (1) the transactions under the Master Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and
- (2) such transactions and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

At a Board meeting convened to consider the Master Agreement, Mr. Isei Nakagawa, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Makoto Fukuda, Mr. Toshiya Goto and Mr. Hiroyuki Inohara, who are shareholders, employees and/or ex-employees of AEON Co, were regarded as potentially having a material interest in the Master Agreement and accordingly abstained from voting on the relevant resolutions.

5. LISTING RULES IMPLICATIONS

As at the date of this announcement, AEON Mall BM is a connected person of the Company by virtue of it being an indirect subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the Master Agreement 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 Master Agreement and the transactions contemplated thereunder 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 Mall BM is principally engaged in business management including but not limited to property leasing management business.

7. DEFINITIONS

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

“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 GD”	廣東永旺天河城商業有限公司 (English transliteration for reference: Guangdong AEON Teem Stores Co., Ltd.), a company incorporated in the PRC and owned as to 65% by the Company
“AEON Mall BM”	永旺夢樂城（佛山南海）商業管理有限公司，a company incorporated in the PRC and an indirect subsidiary of AEON Co.
“Board”	the board of Directors
“Annual Cap”	the maximum amounts payable by AEON GD to AEON Mall BM pursuant to the Master Agreement for each of the periods set out in this announcement
“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
“Dali Mall”	the premises at 佛山市南海區大瀝鎮聯滘滘口路13號
“Director(s)”	the director(s) of the Company
“Existing Master Agreement”	the master agreement entered into between AEON GD and AEON Mall BM on 15 December 2020 as disclosed in the Company’s announcement dated 15 December 2020 which is due to expire on 18 December 2023.
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a third party independent of

	the Company and its connected persons of the Company in accordance with the Listing Rules
“Landlord”	佛山市助力企業管理服務有限公司, the landlord of the Premises and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement entered into between AEON GD and AEON Mall on 15 December 2023
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Premises”	the premises at 佛山市南海區大瀝鎮聯滘滘口路 13 號 負一層店號 0001，一層店號 1001，二層店號 2001，三層店號 3001
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 15 December 2023

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