

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)

**MAJOR TRANSACTION IN RELATION TO
THE PP SUPPLEMENTAL AGREEMENT**

Reference is made to the company's announcement dated 11 October 2023 and circular dated 16 October 2023 in relation to the Offer Letter entered into between AEON GD and the Landlord PP by which AEON GD surrendered the Surrendered PP Portion to the Landlord PP and renewed the tenancy in respect of the Existing PP Premises. Reference is also made to the Company's announcement dated 31 October 2023 in relation to the poll results of extraordinary general meeting that the Offer Letter and the transactions contemplated thereunder were approved unanimously by all attending Shareholders.

The Board is pleased to announce that on 6 November 2024, AEON GD, as tenant, and the Landlord PP, as landlord, have conditionally entered into the PP Supplemental Agreement to lease the Premises PP (adjacent to the Existing PP Premises) commencing from 7 November 2024 and ending on 31 October 2039. The Premises PP and the Existing PP Premises have been leased by AEON GD from the Landlord PP since 25 September 2009 for operating its retail businesses therein.

In accordance with HKFRS 16 "Leases", the entering into of the PP Supplemental Agreement by AEON GD as tenant will require the Group to recognise the right-of-use asset arising from the tenancy terms created thereunder. Therefore, the entering into of the PP Supplemental Agreement will be regarded as acquisitions of assets by the Group under the Listing Rules. The value of the right-of-use asset recognised by the Group under the PP Supplemental Agreement amounted to approximately RMB33.9 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 PP Supplemental Agreement is more than 25% but is less than 100%, the entering into of the PP Supplemental Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the PP Supplemental Agreement and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the PP Supplemental Agreement. As the Company has obtained written approval from AEON Co., which holds 155,760,000 issued ordinary shares of the Company (representing 59.91% of its entire issued share capital as at the date of this announcement) in respect of the PP Supplemental Agreement, the Company

is exempted from convening a general meeting to approve the PP Supplemental Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information regarding the PP Supplemental Agreement and the transactions contemplated thereunder will be dispatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 27 November 2024.

INTRODUCTION

Reference is made to the company's announcement dated 11 October 2023 and circular dated 16 October 2023 in relation to the Offer Letter entered into between AEON GD and the Landlord PP by which AEON GD surrendered the Surrendered PP Portion to the Landlord PP and renewed the tenancy in respect of the Existing PP Premises. Reference is also made to the Company's announcement dated 31 October 2023 in relation to the poll results of extraordinary general meeting that the Offer Letter and the transactions contemplated thereunder were approved unanimously by all attending Shareholders.

The Board is pleased to announce that on 6 November 2024, AEON GD, as tenant, and the Landlord PP, as landlord, have entered into the PP Supplemental Agreement to lease the Premises PP (adjacent to the Existing PP Premises) commencing from 7 November 2024 and ending on 31 October 2039. The Premises PP and the Existing PP Premises have been leased by AEON GD from the Landlord PP since 25 September 2009 for operating its retail businesses.

THE PP SUPPLEMENTAL AGREEMENT

The principal terms of the PP Supplemental Agreement are as follow:

Date:	6 November 2024
Parties:	(a) AEON GD (as tenant); and (b) the Landlord PP (as landlord)
Premises PP:	Portions of a commercial property on Basement 2, Tianhuicheng Plaza, East Station, Tianhe District, Guangzhou City, Guangdong Province, PRC* (中國廣東省廣州市天河區東站天匯城廣場負二層部分商業物業) with a total lease area of approximately 2,417.53 square metres
Handover:	The Premises PP will be handed over to AEON GD in an "as-is" condition on 7 November 2024
Lease term:	Commencing from 7 November 2024 and ending on 31 October 2039 (both dates inclusive) in respect of the Premises PP
Rent and management fee for the lease term:	The total rent (including tax) payable for the lease term under the PP Supplemental Agreement is approximately RMB47.7 million (exclusive of management fee, other charges, and outgoings), with the rent being payable by AEON GD to the Landlord PP on a monthly basis within 10 business days upon receipt of a VAT invoice from the Landlord PP (which shall be provided by the Landlord PP no later than the 10th

day of the relevant month).

The total management fee (including tax) payable for the lease term under the PP Supplemental Agreement is approximately RMB12.2 million which is inclusive of air-conditioning charges.

The rent and management fee under the PP Supplemental Agreement have both been determined after arm's length negotiations between AEON GD and the Landlord PP, after taking into consideration (i) the prevailing market rent and management fee for comparable premises (i.e. similar size, facilities/amenities and quality) in the vicinity of the Premises PP and (ii) the long tenure under the PP Supplemental Agreement running concurrently with the Existing PP Lease Agreement.

In determining the prevailing market rent and management fee for comparison, the Group had conducted market research, such as obtaining lease transactions/quotations from open source of properties of similar usage (i.e. retail stores) within the Tianhe District. As the unit rates for rent and management fees payable by AEON GD throughout the long lease term of the PP Supplemental Agreement are within the range of market rent and management fee levels in the referenced lease transactions considered by the Company and the prime location of the Premises PP (being situated near the East Railway station which is a major transportation hub with both local and cross-city trains and high foot-traffic volume), the Company is of the view that the rent and management fees payable under the PP Supplemental Agreement are no less favourable to the Group compared to prevailing market rent and management fees.

The rent and management fee payments will be satisfied by internal resources of the Group.

Rent free period	AEON GD is entitled to a rent-free period from 7-21 November 2024 during which period no rent, management fee and air-conditioning fees is payable
Additional signages	The Landlord PP further provides AEON GD with three new advertising signage
Condition precedent	The PP Supplemental Agreement shall become effective upon the Company's (i) obtainment of Shareholders' approval for the PP Supplemental Agreement and (ii) compliance with all applicable requirements under the Listing Rules. Within 5 days of fulfillment of this condition precedent, AEON GD shall notify the Landlord PP of the same in writing.
Other terms and conditions	Unless otherwise agreed to in the PP Supplemental Agreement, the other terms and conditions contained in the Existing PP Lease Agreement shall remain unchanged

INFORMATION OF THE PARTIES

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

The Landlord PP is principally engaged in property investment.

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

REASONS FOR AND BENEFITS OF THE PP SUPPLEMENTAL 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 PP, 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 Existing PP Premises together with the Premises PP have been leased by the AEON GD from the Landlord PP since September 2009 for operating its retail businesses therein. During the negotiation for the Existing PP Lease Agreement, the Landlord PP had different plans for the Premises PP and required AEON GD to surrender it as part of the Surrendered PP Portion. Different from the other parts of the Surrendered PP Portion, the Premises PP and the Existing PP Premises are adjacent areas without partition walls and form a unified and sizeable sales area which encompass a large flexibility in carrying out a variety of retailing activities and promotions. After further persuasions and negotiations with the Landlord PP, AEON GD is able to renew the Premises PP for a leasing term corresponding to that of the Existing PP Lease Agreement. The terms of the PP Supplemental Agreement, including the rental charge, were determined after arm’s length negotiations between the Parties and with reference to the prevailing market price for comparable properties and the existing rental under the Existing PP Lease Agreement. The entering into of the PP Supplemental Agreement is (i) necessary for the operation of the retail businesses of the Group and (ii) in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the PP Supplemental Agreement (and the transactions contemplated thereunder) are on normal commercial terms and are fair and reasonable and the entering into of the PP Supplemental Agreement (and the transactions contemplated thereunder) 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

In accordance with HKFRS 16 “Leases”, the entering into of the PP Supplemental Agreement as tenant by AEON GD will require the Group to recognise the additional right-of-use asset arising from the tenancy term created thereunder. Therefore, the entering into of the PP Supplemental Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of the right-of-use asset recognised by the Group under the PP Supplemental Agreement amounted to approximately RMB33.9 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 PP Supplemental Agreement is more than 25% but is less than 100%, the entering into of the PP Supplemental Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the PP Supplemental Agreement and the transactions contemplated thereunder. As such, no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written

shareholders' approval may be accepted in lieu of holding a general meeting for approving the PP Supplemental Agreement. The Company has obtained written approval from AEON Co, which holds 155,760,000 issued ordinary shares of the Company (representing 59.91% of its entire issued share capital as at the date of this announcement) in respect of the PP Supplemental Agreement. As such, the Company is exempted from convening a general meeting to approve the PP Supplemental Agreements and the transaction contemplated thereunder.

A circular containing, among other things, (i) further information regarding the PP Supplemental Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 27 November 2024.

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 and the issued shares of which are listed on the Tokyo Stock Exchange
“AEON GD”	Guangdong AEON Teem Co., Ltd.* (廣東永旺天河城商業有限公司), a company incorporated in the PRC and owned as to 65% by the Company
“AEON Group”	AEON Co and its subsidiaries and, unless the context require otherwise, excluding members of the Group
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Existing PP Lease Agreement”	the existing lease agreement dated 31 October 2023 entered into by AEON GD and the Landlord PP in respect of the Existing PP Premises for a term commencing from 7 May 2024 and ending on 31 October 2039 (both dates inclusive), and for AEON GD's operation of a retail store and the total rent (including tax) payable for the lease term is approximately RMB327.7 million and the total management fee (including tax) payable for the lease term is approximately RMB79 million; and by the supplemental agreement No.1 dated 30 April 2024 entered into by AEON GD and the Landlord PP, the Premises PP was temporarily leased to AEON GD for its continuous operation of the retail store therein and for a term of three months from 7 May 2024 to 6 August 2024 and at the total rent (including tax) of approximately RMB0.65 million and the total management fee (including tax) of approximately RMB0.19 million payable for the term of three months, and by the supplemental agreement No.2 dated 1 August 2024 entered into by AEON GD and the Landlord PP, the Premises PP was further leased to AEON GD for another term of

	3 months from 7 August 2024 to 6 November 2024 at the same total rent and total management fee payable under the supplemental agreement No.1
“Existing PP Premises”	portions of the commercial property in Basement 2, Tianhuicheng Plaza, East Station, Tianhe District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市天河區東站天匯城廣場負二層部分商業物業), with a total lease area of approximately 16,157.85 square metres together with the use of certain areas on Basement 1 as garbage room and cleaning room
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner, who 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/are third party(ies) independent of the Group and its connected persons in accordance with the Listing Rules
“Landlord PP”	Guangzhou East Station Tianhuicheng Co., Ltd.* (廣州東站天匯城有限公司), a company incorporated in the PRC, which is an indirect wholly-owned subsidiary of Waykon (China) Co., Ltd. (匯港(中國)有限公司), a company incorporated in Hong Kong which, based on information available in the public domain as at the Latest Practicable Date, is wholly-owned by Mercystone Limited, a company incorporated in the British Virgin Islands. No information about the shareholders of Mercystone Limited has been revealed based on public searches. Based on enquiries made with the Landlord, the ultimate beneficial owners of the Landlord are Mr. Ye Yingqiang (葉英強), Mr. Yao Yongsheng (姚永昇) and Mr. Chen Zhenhua (陳振華), who indirectly hold in aggregate 100% of the equity interest in the Landlord PP.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer Letter”	the offer letter dated 11 October 2023 in respect of the Premises PP conditionally entered into by AEON GD and the Landlord
“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
“PP Supplemental Agreement”	The supplemental lease agreement dated 6 November 2024 signed by AEON GD and the Landlord PP
“Premises PP”	Portions of a commercial property on Basement 2, Tianhuicheng Plaza, East Station, Tianhe District, Guangzhou City, Guangdong Province, PRC* (中國廣東省廣州市天河區東站天匯城廣場負二

	層部分商業物業) with a total lease area of approximately 2,417.53 square metres
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrendered PP Portion”	comprising certain portions of Basement 1 and Basement 2 of Tianhuicheng Plaza with an aggregate floor area of approximately 10,884.5 square metres
“%”	per cent.

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

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

Hong Kong, 6 November 2024

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