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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 LEASE AGREEMENT**

The Board is pleased to announce that on 27 January 2025, 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 10 years 6 months and 27 days commencing from the Commencement Date together with an option to renew for a further term of 5 years. The Premises will be leased by AEON GD 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 RMB17.9 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 27 January 2025, 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 10 years 6 months and 27 days commencing from the Commencement Date. The Premises will be leased by AEON GD for operating its retail businesses therein.

**The Lease Agreement**

The principal terms of the Lease Agreement are as follows:

Date: 27 January 2025

Parties: (a) AEON GD, as lessee; and  
(b) the Lessor, as lessor

Premises: Shop Nos. 001A, 001B, 001C, 2<sup>nd</sup> Floor, Hengbao Plaza, No. 133 Baohua Road, Liwan District, Guangdong Province, China\*(中國廣州市荔灣區寶華路133號恒寶廣場第二層001A、001B、001C號鋪位)

Term: 10 years 6 months and 27 days from the Commencement Date together with an option to renew for a further term of 5 years.

Rent and management fee: The total base rent (including tax) payable under the Lease Agreement during the term is approximately RMB22.3 million, which is subject to the turnover rent which may be imposed pursuant to the terms and conditions of the Lease Agreement and is exclusive of management fee, other charges and outgoings. The total management fee (including tax) payable under the Lease Agreement during the term is approximately RMB6.9 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.

The consideration will be satisfied by internal resources of the Group.

Payment term: Base rent and management fees are payable monthly on or before the 5th day of every month. The Lessor shall provide AEON GD with tax invoice corresponding to the amounts of the monthly base rent and management fees paid within 5 working days of receipt of the monthly base rent and management fees.

Rent Free Period: Rent free period is from 28 October 2027 to 27 January 2028. During the entire rent free period, AEON GD is liable to pay management fees, utilities charges and outgoings.

Usage: For the purpose of AEON GD's operation of commercial premises

Deposit: In the sum of RMB505,000 and by way of bank guarantee

Early termination: Within the first 72 months from the date of AEON GD's formal business commencement in the Premises, if AEON GD's monthly sales in the Premises is less than RMB 4.5 million during any 3 consecutive months, GDA may early terminate the tenancy by giving 12 months' advance notice to the Lessor and by paying to the Lessor a compensation equivalent to the Deposit paid by AEON GD. After the said first 72 months, if AEON GD's monthly sales in the Premises is less than RMB 4.5 million during any 3 consecutive months, AEON GD may terminate the tenancy at any time by giving 6 months' advance notice to the Lessor and no damages or compensation is payable. The Lessor shall refund to AEON GD all deposits paid without interest.

Option to renew: AEON GD shall be entitled to renew the tenancy for a further term of 5 years from the date immediately following the expiry of the fixed term of tenancy in accordance with the mechanism for the exercise of the option. In order to exercise the option, AEON GD shall give written notice of renewal to the Lessor no later than 180 days prior to the expiry of the tenancy. The Lessor shall give the AEON GD a written reply no later than 90 days of receipt of the AEON GD's written notice. Subject to the Company's compliance with the applicable requirements under the Listing Rules, the parties shall then negotiate the commercial terms by mutual agreement.

## **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 investment and development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners 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 RMB17.9 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 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”	1 April 2025
“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”	Guangzhou Jiejun Real Estate Development Co., Ltd.* (廣州捷駿房地產開發有限公司), a company incorporated in the PRC which is an indirect wholly owned subsidiary of Henderson Land Development Company Limited, the issued shares of which are listed on the Stock Exchange (stock code:12) and the Lessor and its ultimate beneficial owner(s) are Independent Third Parties.
“Lease Agreement”	The Lease Agreement dated 27 January 2025 in respect of the Premises entered into by AEON GD and the Lessor
“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”	Shop Nos. 001A, 001B, 001C, 2 <sup>nd</sup> Floor, Hengbao Plaza, No. 133 Baohua Road, Liwan District, Guangdong Province, China*(中國廣州市荔灣區寶華路 133 號恒寶廣場第二層 001A、001B、001C 號鋪位)
“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
“%”	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, 27 January 2025

*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.*