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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 LICENCE AGREEMENT**

The Board is pleased to announce that on 28 February 2023, the Company and AEON Credit entered into the Licence Agreement pursuant to which the Company gives AEON Credit the right to use the Shop for a fixed term of one year from 28 February 2023 to 27 February 2024 at licence fees of HK\$282,426 per month exclusive of government rates and management fees.

Previously, the Company and AEON Credit entered into the Previous Licence Agreement in respect of the Previous Shop which was for a term of one year from 1 April 2022 to 31 March 2023. The Previous Licence Agreement constituted *de minimis* transactions pursuant to Rule 14A.76(1) of the Listing Rules. As the transactions contemplated under the Licence Agreement are of similar nature and in the same Premises with those under the Previous Licence Agreement and both the Licence Agreement and the Previous Licence Agreement will be carried out on a continuing basis over a small period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

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 transactions contemplated under the Licence 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 Aggregated Annual Caps for the Licence Agreement and the Previous Licence Agreement (on an aggregated basis) exceed 0.1% but are below 5%, the Licence Agreement and the transactions contemplated under Licence Agreement 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**

The Board is pleased to announce that on 28 February 2023, the Company and AEON Credit entered into the Licence Agreement pursuant to which the Company gives AEON Credit the

right to use the Shop for a fixed term of one year from 28 February 2023 to 27 February 2024 at the licence fee of HK\$282,426 per month exclusive of rates and management fees.

Previously, the Company and AEON Credit entered into the Previous Licence Agreement in respect of the Previous Shop which was for a term of one year from 1 April 2022 to 31 March 2023. The Previous Licence Agreement constituted *de minimis* transactions pursuant to Rule 14A.76(1) of the Listing Rules.

The Company has entered into a lease agreement with a landlord, which is an independent third party, to lease the Premises (in which the Shop is located) and has been given the express right to grant licences to licensees for the use of portions of the Premises including the Shop.

## **2. THE LICENCE AGREEMENT**

The principal terms of the Licence Agreement are as follows:

### **Date**

28 February 2023

### **Parties**

- (i) the Company; and
- (ii) AEON Credit

### **Licence**

Pursuant to the Licence Agreement, the Company gives AEON Credit the right to use the Shop.

### **Term of the Licence**

Fixed term of one year from 28 February 2023 to 27 February 2024.

### **Fees**

During the term of the licence, AEON Credit shall pay to the Company:

- (i) a licence fees of HK\$282,426 per month exclusive of rates and management fees;
- (ii) the rates assessed or charged on the Shop, provided that if no separate assessment is made in respect of the Shop, at a sum equal to 5% of the licence fee per month, subject to adjustment at the Company's discretion on account of any change in the valuation of the Premises for the purpose of assessment on the ratable value of the Premises;
- (iii) all charges for utilities in respect of the Shop (unless separate account is maintained with the utility companies);
- (iv) a monthly management fees of HK\$13,710 or such other increased rate as the Company shall from time to time decide;
- (v) a fitting out management fee of HK\$43,872;
- (vi) a grand opening promotion levy of HK\$9,000; and
- (vii) a deposit of HK\$564,852.

### **Licence Fee Free Period**

AEON Credit is granted a Licence Fee Free Period from 28 February 2023 to 11 March 2023 for decoration purpose provided that AEON Credit is liable for payment of all rates and outgoings in the period and provided further that where AEON Credit commences business during the period, the Licence Fee is payable from the business commencement date.

### **Pricing**

The licence fees and management fees were negotiated by the parties at arm's length and by reference to (i) the license fees and management fees which the Company charges to its other licensees, (ii) the business nature of AEON Credit and other licensees and (iii) the location of the Shop within the Premises.

### **3. ANNUAL CAPS**

As the transactions contemplated under the Licence Agreement are of similar nature and in the same Premises with those under the Previous Licence Agreement and both the Licence Agreement and the Previous Licence Agreement will be carried out on a continuing basis over a small period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

The Directors estimate that the maximum aggregate amounts payable by AEON Credit to the Company under the Licence Agreement and the Previous Licence Agreement will not exceed the aggregated annual caps (the "Aggregated Annual Caps") below:

<u>Annual Caps under the</u>	<u>28/2/2023 – 31/12/2023</u>	<u>1/1/2024 – 27/2/2024</u>
	<i>(HK\$millions)</i>	<i>(HK\$millions)</i>
Licence Agreement	3.42	0.70
Previous Licence Agreement	0.38	-
Total	3.80	0.70

In arriving at the Aggregated Annual Caps, the Directors took into account (i) the amount of licence fees and management fees payable pursuant to the terms of the Licence Agreement, (ii) the amount of licence fees and management fees payable pursuant to the terms of the Previous Licence Agreement as overlapping with the Licence Agreement and (iii) the historical government rates and utilities costs in respect of the Previous Shop together with a certain margin to allow for flexibility in the actual outgoings. The historical amount of licence fees, management fees, government rates, utilities and other outgoings paid to the Company by AEON Credit in respect of the Previous Shop for the three years ended 31 December 2022, being approximately HK\$2.2 million, HK\$2.4 million and HK\$2.5 million, respectively.

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

AEON Credit is the card issuer of the Company's co-brand credit cards which offer a wide variety of privileges to and have been popular among the Company's customers. The licence granted under the Licence Agreement is mainly for AEON Credit's purpose of operating its service branch inside Company's store in the Premises, which provide supporting services to the co-brand cardholders. The Directors believe that such supporting services would promote the use of credit cards by customers to make purchases on credit and/or purchase by installments, and would in turn enhance the Company's services to its customers.

The Directors, including all the independent non-executive Directors, are of the view that (i) the Licence Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the Licence Agreement and the transactions contemplated thereunder, together with the Aggregated Annual Caps, are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (iii) the Licence 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 Licence Agreement, Mr. Isei Nagakawa, 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 Licence 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 transactions contemplated under the Licence Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the transactions contemplated under the Licence Agreement are of similar nature and in the same Premises with those under the Previous Licence Agreement and both the Licence Agreement and the Previous Licence Agreement will be carried out on a continuing basis over a small period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Aggregated Annual Caps for the Licence Agreement and the Previous Licence Agreement exceed 0.1% but are below 5%, the Licence 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 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.

“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
“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
“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
“Licence Agreement”	the licence agreement dated 28 February 2023 entered into between the Company and AEON Credit in respect of the licence to use the Shop
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Premises”	Shop Nos. G081-G112 on Ground Floor, Shop Nos.UG082-UG120 on the Upper Ground Floor and Shop Nos.1301 -1350 on First Floor of Commercial Accommodation of Tuen Mun Town Plaza, Phase I, 1 Tuen Shing Street, Tuen Mun, New Territories, Hong Kong
“Previous Licence Agreement”	<p>the licence agreement dated 6 April 2022 entered into between the Company and AEON Credit in respect of the licence to use the Previous Shop:</p> <ul style="list-style-type: none"> <li>-for a licence period from 1 April 2022 to 31 March 2023;</li> <li>-at a licence fee of HK\$189,060 per month exclusive of government rates and other outgoings;</li> <li>-at a management fee of HK\$8,204 per month;</li> <li>-at a deposit of HK\$378,120; and</li> </ul> <p>is extended by an extension letter entered into between the Company and AEON Credit dated 28 February 2023 for the extended period from 1 April 2023 to 30 June 2023 on same terms and conditions of Previous Licence Agreement and may be early terminated wholly or partly by parties’ mutual consensus.</p>
“Previous Shop”	Shop No.G02 on G/F of the Premises having an approximate area of 586 square feet pursuant to the Previous Licence Agreement
“Shop”	Shop No.G04 on G/F of the Premises having an approximate area of 914 square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 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.*