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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in AEON Stores (Hong Kong) Co., Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**(1) REVISION OF ANNUAL CAPS FOR CONTINUING  
CONNECTED TRANSACTIONS IN RELATION TO  
THE MASTER AGREEMENT AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 14 of this circular. A letter from Sommerley Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 22 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Function Room, Units 07-11, 26 Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Thursday, 28 December 2023 at 10:00 a.m. is set out on pages 28 to 29 of this circular. Whether or not you are able to attend and vote at the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting in person at the extraordinary general meeting or any adjourned meeting if you so wish.

6 December 2023

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>INTRODUCTION</b> .....	4
<b>REVISION OF ANNUAL CAPS</b> .....	7
<b>REASONS FOR THE REVISION OF ANNUAL CAPS</b> .....	9
<b>INTERNAL CONTROL</b> .....	10
<b>INFORMATION OF THE PARTIES</b> .....	10
<b>IMPLICATIONS UNDER THE LISTING RULES</b> .....	11
<b>INDEPENDENT BOARD COMMITTEE AND     INDEPENDENT FINANCIAL ADVISER</b> .....	11
<b>EGM</b> .....	11
<b>CLOSURE OF REGISTER OF MEMBERS</b> .....	13
<b>FURTHER INFORMATION</b> .....	13
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	14
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	15
<b>APPENDIX – GENERAL INFORMATION</b> .....	23
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	28

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“Actual Costs”	the actual costs of the merchandise paid and/or payable to the manufacturers, factories and/or suppliers who are independent third parties from AEON, its subsidiaries and/or associates
“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 Group”	AEON Co and its subsidiaries and, unless the context require otherwise, excluding members of the Group
“AGMd”	AEON Global Merchandising Company Limited, a company incorporated in Japan with limited liability, and a wholly owned subsidiary of AEON Co
“Board”	the 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
“continuing connected transactions”	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 director(s) of the Company
“EGM”	the extraordinary general meeting of Shareholders (and any adjournment thereof) to be held to consider the resolution relating to the Revised Annual Caps, which is scheduled to be held at Function Room, Units 07-11, 26 Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Thursday, 28 December 2023 at 10:00 a.m.

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## DEFINITIONS

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“EGM Notice”	the notice included in this circular in respect of the EGM to consider and, if though fit, approve the Revised Annal Caps
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licenced to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps
“Independent Shareholders”	Shareholders other than those who have a material interest in the Master Agreement
“Latest Practicable Date”	30 November 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Agreement”	the agreement dated 17 April 2023 entered into between the Company and AGMd in respect of the purchases of the NB Merchandise by the Company from AGMd
“NB Merchandise”	merchandise of various popular brands which are made widely available in the market by the respective brand owners who are third parties independent of AEON Co, its subsidiaries and associates
“Original Annual Caps”	the annual caps in respect of the Master Agreement for the three years ending 16 April 2026, as disclosed in the announcement of the Company dated 17 April 2023

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## DEFINITIONS

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“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Revised Annual Caps”	the revised annual caps in respect of the Master Agreement for the three years ending 16 April 2026
“Shareholder(s)”	holders of the shares of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Takenori NAGASHIMA *(Managing Director)*

Mr. Shinya HISANAGA

*Non-executive Directors:*

Mr. Isei NAKAGAWA *(Chairman)*

Mr. Makoto FUKUDA

Mr. Toshiya GOTO

Mr. Hiroyuki INOHARA

*Independent Non-executive Directors:*

Mr. CHOW Chi Tong

Mr. Hideto MIZUNO

Ms. SHUM Wing Ting

*Registered office:*

G-4 Floor

Kornhill Plaza (South)

2 Kornhill Road

Hong Kong

6 December 2023

*To the Shareholders*

Dear Sir/Madam,

**(1) REVISION OF ANNUAL CAPS FOR CONTINUING  
CONNECTED TRANSACTIONS IN RELATION TO  
THE MASTER AGREEMENT AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 17 April 2023 in relation to the Master Agreement that the Company entered into with AGMd to purchase the NB Merchandise and the announcement of the Company dated 29 November 2023 in relation to the revision of annual caps for the transactions contemplated under the Master Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further information on the Revised Annual Caps; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules.

Reference is made to the announcements of the Company dated 17 April 2023 in relation to the Master Agreement entered into between the Company and AGMd for the purchase of NB Merchandise by the Company from AGMd. The principal terms of the Master Agreement, which have been disclosed in the announcement of the Company dated 17 April 2023, shall remain unchanged and a summary of which is set out as follows:

The principal terms of the Master Agreement:

**Date**

17 April 2023

**Parties**

- (i) The Company, as purchaser; and
- (ii) AGMd, as seller.

**The term**

The term of the Master Agreement shall be for a period of three years commencing from the 17 April 2023 and ending on 16 April 2026. The parties to the Master Agreement may, subject to compliance with the Listing Rules, renew the Master Agreement.

**Nature of Transactions**

The Company will purchase from AGMd a variety of the NB Merchandise which AGMd procures from popular brand owners who are third parties independent of AEON Co, its subsidiaries and associates. Such merchandise covers a wide range of categories, such as fashion, food and household items, and would then be sold by the Company to retail customers at its general merchandise stores and supermarket stores.

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## LETTER FROM THE BOARD

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### **Pricing**

The sale and purchase of the NB Merchandise between the parties will be charged at such price being the Actual Costs plus a mark-up rate of 3% of the Actual Costs. The total price (being the Actual Costs plus a mark-up rate of 3% of the Actual Costs) shall be inclusive of the merchandise costs, agency fee, provision of product information, administration fee, sample fee, system registration fee and all other services incidental to the sale of the NB Merchandise by AGMd.

The prices offered by AGMd to the Company shall be no less favourable than (i) the prices offered by independent supplier(s) of the Company for the same or similar merchandises at the same delivery destination and (ii) the prices offered by AGMd to its other purchaser(s) of the AEON Group, if any, having disregarded the delivery charges which vary according to the relative location of a purchasing party. Since the Company has already conducted the comparison in the prices offered by AGMd and the independent suppliers, the second comparison is to ensure that AGMd offers the same price to all purchaser(s) of the AEON Group, including the Company. Therefore, the prices offered by AGMd are on normal commercial terms.

### **Rebates**

AGMd may, taking into account factors such as purchase volume, promotions from manufacturers, its own budgets, results and profits earned, grant rebates to the Company as agreed mutually between the parties from time to time.

### **Sales Contracts**

The Company shall enter into specific sale and purchase contracts with AGMd, which adopt the terms and conditions set out in the Master Agreement and the standard terms and conditions of the Company prevailing at the time of execution of the sale and purchase contract. The sale and purchase contracts will set out detailed terms (e.g. the payment terms) of the sale and purchase of merchandise.

### **Further Assistance**

For the purposes of facilitating the Company's sourcing of merchandises, which would enable the Company to efficiently provide its general merchandise stores and supermarket stores with the required types and amounts of merchandise and maintain the competitiveness of its business, the Company and AGMd shall, as may be practicable in the circumstances, share with each other (on a strictly need-to-know basis) information relating to the purchasing, selling, stocking, pricing and specifications of each other's merchandise. AGMd shall, upon request by the Company and within a reasonable period of

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## LETTER FROM THE BOARD

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time, further provide such market information and data as may be required. Both the Company and AGMd have undertaken to keep all such information and data received or exchanged confidential.

In addition, AGMd agrees to allow the Company's auditors sufficient access to their records for the purpose of auditing and/or reporting on the transactions in accordance with the requirements of the Listing Rules.

### **Termination**

The Master Agreement may be terminated by 3 month's prior written notice by either party. On termination, each sale and purchase contract then in force shall nevertheless continue in full force and effect for the remainder of the term of such sale and purchase contract, unless terminated in accordance with the terms of such contract.

Since commencement of the Master Agreement, the Company has been making purchases of the NB Merchandise from AGMd. Through these purchases, the Company and its various business teams involved in the handling the purchases are getting familiar with the operation procedures and requirements. The Company has procured certain items of NB Merchandise which the Company will be making regular purchases, including confectioneries, biscuits, oil, salad dressing/seasonings, soymilk, diapers and paperwares. In addition, the Company began to purchase ice cream products from AGMd since June 2023.

In response to the rapidly changing market environment and customers' demands, the Company considers it appropriate to enhance and enlarge the purchases from AGMd. The Directors have thus revised the business projections so that there will be gradual increase in the regular purchase items of the NB Merchandise and the increase in the selected frozen items of the NB Merchandise. In the revised business projections, the purchase volume will also be increased where the particular purchase is to meet with seasonal and/or promotional needs.

It is therefore expected that the transaction amounts for the purchase of NB Merchandise under the Master Agreement will exceed the Original Annual Caps. The Company has resolved to revise the Original Annual Caps to the Revised Annual Caps, while all the terms and conditions under the Master Agreement remain unchanged.

### **REVISION OF ANNUAL CAPS**

The total transaction amount for the actual purchase of NB Merchandise pursuant to the Master Agreement for the period from 17 April 2023 to 30 September 2023 was approximately HK\$4.1 million which represents about 52.6% of the Original Annual Caps of HK\$7.8 million for the period from 17 April 2023 to 31 December 2023. As at the Latest Practicable Date, the total transaction amount has not exceeded the Original Annual Caps. The Company has been closely monitoring the transaction amounts with AGMd and will impose control over the purchases with AGMd in order to ensure the transaction amounts with AGMd not exceeding the

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## LETTER FROM THE BOARD

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Original Annual Cap for FY 2023 before the Revised Annual Caps having been approved by Independent Shareholders. Thus, the Company does not expect the transaction amounts under the Master Agreement will exceed the Original Annual Cap for the period ending 31 December 2023.

The Original Annual Caps are expected to be insufficient and the Board therefore resolved to revise the Original Annual Caps as follows:

<b>Financial Year/Period</b>	<b>Original Annual Caps</b>	<b>Revised Annual Caps</b>
17/4/2023 to 31/12/2023	HK\$7.8 million	HK\$8.4 million
1/1/2024 to 31/12/2024	HK\$11.0 million	HK\$18.1 million
1/1/2025 to 31/12/2025	HK\$11.0 million	HK\$26.4 million
1/1/2026 to 16/4/2026	HK\$3.2 million	HK\$9.0 million

The Revised Annual Caps have been determined with reference to the historical transaction amounts under the Master Agreement and the revised business projections which encompass gradual increase in the regular purchase items of NB Merchandise, increase in the selected frozen items of NB Merchandise and increase in purchase of NB Merchandise to meet seasonal and promotional needs.

Based on the Company's revised business projections, the projected monthly transaction amounts for regular orders in October – December 2023 are based on the average of the actual transaction amounts in June – September 2023 multiplied by a factor of 1.5 times due to the increase in purchase for its promotional fairs and festive seasons after taking into account the actual order placed for Chinese New Year in January 2023 and the average of the normal regular orders for March and May 2023. In respect of the frozen item orders, the projected monthly transaction amounts are based on the average of the actual amounts per flavour under the previous frozen item orders multiplied by the number of favours that the Company plans to procure for the period (4Q2023: 4).

For 2024 – 2026, same approach as set out above is adopted and coupled with the assumption of new items being introduced under the regular order in July of each of the following years. For the period from February to June, the projected monthly transaction amounts for regular orders are the same as the average monthly regular orders before the peak season in the previous year. The projected transaction amounts for July, August and September are estimated to be 1.5 times the normal regular orders in June, which are based on the assumption that new items being introduced in July after having considered a 240% increase in average monthly normal regular order after introduction of almond milk and dressing items in June/July 2023 and a slower growth rate after the ramp up in 2023. For the period from October to January, the projected monthly transaction amounts are the same, which is based on the regular orders for July multiplied by a factor of 1.5 times due to the increase in purchase for its promotional fairs and festive seasons. For frozen items orders, the projected monthly transaction amounts for 2023-2026 are determined based on the same method as mentioned in the preceding

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## LETTER FROM THE BOARD

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paragraph with the assumption of one new ice cream flavour to be introduced every six months for the same period. In addition, the Company rounded up the projected transaction amounts in 2023-2026 to the nearest hundred thousand to arrive at the Revised Annual Caps.

Taking into account the above, the Directors consider that the Revised Annual Caps to be reasonable.

### REASONS FOR THE REVISION OF ANNUAL CAPS

AGMd has been set up by AEON Co to place bulk-purchase orders for the NB Merchandise after having gathered and co-ordinated demands from all the members in the different retail lines of the AEON Group in Japan. By taking advantage of the vast combined demands created by thousands of the retail outlets of the AEON Group, AGMd is in a good position to negotiate with independent brand owners to obtain better discounts for the purchase of the NB Merchandise, which in turn, is enjoyed by the retail members of the AEON Group.

As a retail outlet operator, the Group has been procuring from independent suppliers for the same or similar merchandise as those procured by AGMd for other members of the AEON Group. In order to enjoy the benefits derived from the aggregated purchasing/bargaining power of AGMd which may in turn enhance the Company's control on merchandise costs and gross profit margins, the Company and AGMd entered into of the Master Agreement on 17 April 2023.

The Directors have been carefully monitoring the historical transacted amounts and estimated transaction amounts under the Master Agreement. In the revised business projections, the Company will be making more purchases of the NB Merchandise than as it was expected under the previous business projections based on which the Original Annual Caps were prepared. In view of the revised business projections, the Directors expect that the Original Annual Caps will be exceeded and therefore propose to revise the Original Annual Caps to the Revised Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that (i) the entering into of the Master Agreement and the transaction contemplated thereunder are in the ordinary and usual course of business of the Group; (ii) the terms of the Master Agreement and the transactions contemplated thereunder are on normal commercial terms; and (iii) the terms of the Master Agreement, the transactions contemplated thereunder, together with the Revised 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 Revised Annual Caps, 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.

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## LETTER FROM THE BOARD

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### INTERNAL CONTROL

In order to ensure that the Company's total cost for its purchase of merchandise from AGMd is no less favourable than that from independent supplier(s), the Company has set up mechanism for the direct import team and the buying office of the Company. The Company has devised purchase plan of the target merchandise and the respective quantity. The direct import team will check, among others, the latest prices quoted by AGMd and the other charges and costs in procuring the merchandise while the buying office will update the quoted prices as collected and/or received by the Company from the relevant independent suppliers regularly. The direct import team shall be responsible to compare the total cost of the Company for the purchase of the relevant merchandise from AGMd at the time when effecting the particular purchase against the then quoted prices from the independent supplier(s). It is only when the total cost of the Company for the purchase of the merchandise from AGMd is no less favourable than the total costs from the independent supplier(s), the direct import team will place purchase order with AGMd for the compared merchandise. Records of such comparison shall be documented as proof for subsequent verification by the Company's Connected Party Transaction Panel.

As part of the Group's internal control systems, the Company's Connected Party Transaction Panel, comprising the finance general manager, legal senior manager and the finance/administration general managers of two subsidiaries of the Company, will assist the Directors to review and monitor all connected transactions of the Group including the transactions under the Master Agreement.

The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group (including the transactions contemplated under the Master Agreement). Whilst the finance departments of the relevant members of the Group will conduct the initial level of control over the transactions and the transaction amounts under the Master Agreement to ensure they are conducted within the frameworks and the annual caps of the Master Agreement. Where necessary, the Connected Party Transaction Panel will conduct bi-annual review of the transactions under the Master Agreement to ensure the transactions are conducted within the framework of the Master Agreement and monitor the utilization of the annual caps to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

### INFORMATION OF THE PARTIES

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

AGMd is principally engaged in merchandise procurement for members of the AEON Group with its mission to maximize AEON Group's purchasing volume, to consolidate business negotiations with business partners and manufacturers and to reduce costs by aggregating demands from group companies.

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## **LETTER FROM THE BOARD**

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AEON Co is a public limited company incorporated in Japan and listed on the Tokyo Stock Exchange. AEON Co is the controlling shareholder of the Company, who beneficially owns approximately 60.59% of the issued share capital of the Company, and is a connected person of the Company under Chapter 14A of the Listing Rules. AEON Co's subsidiaries and associated companies are principally engaged in the operation of general merchandise stores, the operation of specialty stores, the development of shopping centres as well as services and other operations in Japan and other Asian countries.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the Latest Practicable Date, AGMD is a connected person of the Company by virtue of it being a subsidiary of AEON Co, the controlling shareholder of the Company. The transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company under the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company proposes to revise the Original Annual Caps for the Master Agreement, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio defined Rule 14.07 of the Listing Rules for the Revised Annual Caps exceeds 5%, the Revised Annual Caps and transactions contemplated under the Master Agreement are subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Annual Caps.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on page 14 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 15 to 22 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

### **EGM**

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Revised Annual Caps. At the EGM, an ordinary resolution approving the Revised Annual Caps shall be proposed and, if thought fit, approved by the Independent Shareholders.

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## LETTER FROM THE BOARD

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In view of AEON Co's interests in the Master Agreement, AEON Co, which as at the Latest Practicable Date beneficially held 155,760,000 shares in the Company (representing approximately 59.91% of the issued shares in the Company), and its associates (namely, Aeon Credit Services (Asia) Company Limited, which is a subsidiary of AEON Co and as at the Latest Practicable Date is a beneficial owner of 1,776,000 shares in the Company, representing approximately 0.68% of the issued shares in the Company) are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Revised Annual Caps.

As such, AEON Co and AEON Credit Service (Asia) Company Limited, which (i) in aggregate beneficially own and control 157,536,000 shares in the Company (representing approximately 60.59% of the issued shares in the Company) and (ii) are entitled to exercise control over the voting rights in respect of their respective shares in the Company, shall abstain from voting at the EGM under the Listing Rules.

Mr. Isei Nakagawa, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Makoto Fukuda, Mr. Toshiya Goto and Mr. Hiroyuki Inohara are shareholders, employees and/or ex-employees of AEON Co and are regarded as potentially having a material interest in the Master Agreement. Accordingly, they have abstained from voting on the relevant resolutions at the Board meeting convened to consider the Revised Annual Caps. For the same reason, Mr. Isei Nakagawa (who as at the Latest Practicable Date beneficially held 15,000 shares in the Company, representing approximately 0.00577% of the issued shares in the Company), Mr. Takenori Nagashima (who as at the Latest Practicable Date beneficially held 12,000 shares in the Company, representing approximately 0.00462% of the issued shares in the Company) and Mr. Shinya Hisanaga (who as at the Latest Practicable Date beneficially held 30,000 shares in the Company, representing approximately 0.01154% of the issued shares in the Company), will also abstain from voting on the relevant resolution as Shareholders at the EGM. Apart from the above persons, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolution at the EGM.

A notice convening the EGM to be held at Function Room, Units 07-11, 26 Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Thursday, 28 December 2023 at 10:00 a.m. is set out on pages 28 to 29 of this circular.

A form of proxy for the EGM is enclosed herewith. Whether or not Shareholders are able to attend and vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude Shareholders from subsequently attending and voting at the meeting or any adjourned meeting if you so wish.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 December 2023 to Thursday, 28 December 2023, both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's share registrar, Tricor Secretaries Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Wednesday, 20 December 2023.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

6 December 2023

*To: the Independent Shareholders*

Dear Sir/Madam,

**REVISION OF ANNUAL CAPS FOR CONTINUING  
CONNECTED TRANSACTIONS IN RELATION TO  
THE MASTER AGREEMENT**

We refer to the circular of the Company dated 6 December 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders on the Revised Annual Caps. In this connection, Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We wish to draw your attention to the letter from the Board set out on pages 4 to 13 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 15 to 22 of the Circular which contains its opinion in respect of the Revised Annual Caps.

Having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that the Revised Annual Caps and the transactions contemplated under the Master Agreement are conducted by the Company in its ordinary and usual course of business, are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the relevant resolution set out in the notice of the EGM.

Yours faithfully,  
Independent Board Committee of  
**AEON Stores (Hong Kong) Co., Limited**  
**Mr. Chow Chi Tong**  
**Mr. Hideto Mizuno**  
**Ms. Shum Wing Ting**  
*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

6 December 2023

*To: the Independent Board Committee and the Independent Shareholders of  
AEON Stores (Hong Kong) Co., Limited*

Dear Sir/Madam,

### **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MASTER AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Revised Annual Caps, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 6 December 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context requires otherwise.

On 17 April 2023, the Company announced that it entered into the Master Agreement with AGMd and, as AGMd is a connected person of the Company, the transactions contemplated thereunder constitutes continuing connected transactions of the Company and are subject to the Original Annual Caps. In view of the actual business needs for the NB Merchandise and the Company's revised purchase projections, the Original Annual Caps are expected to be insufficient. The Directors therefore revised the Original Annual Caps.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Revised Annual Caps exceeds 5%, the Revised Annual Caps and the transactions contemplated under the Master Agreement are subject to reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting, has been formed to advise the Independent Shareholders in connection with the Revised Annual Caps. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, AGMd or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the Revised Annual Caps. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, AGMd or their respective substantial shareholders or associates.

During the past two years, we acted as the independent financial adviser and issued opinion letters regarding the Company's continuing connected transactions as contained in its circulars dated 3 November 2022 and 3 August 2023 and as announced on 17 April 2023. The past engagements were limited to providing independent advisory services to the Company relating to the Listing Rules. Under the past engagements, we received normal professional fees from the Company. Notwithstanding the past engagements, as at the Latest Practicable Date, there were no relationships or interests between Somerley Capital Limited on one hand and the Group, AGMd and their respective substantial shareholders and/or associates on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and Independent Shareholders in connection with the Revised Annual Caps.

In formulating our opinion, we have reviewed, amongst other things, the announcement of the Company dated 17 April 2023 in relation to the entering into of the Master Agreement (the "**Previous Announcement**"), the Master Agreement, the annual report of the Company for the year ended 31 December 2022 (the "**Annual Report**"), the interim report of the Company for the six months ended 30 June 2023 and the information contained in the Circular. We have also discussed with and reviewed information provided by the management of the Group (the "**Management**") regarding the rationale of revising the Original Annual Caps.

We have relied on the information and facts supplied, and the opinions expressed to us, by the Management and have assumed that they are true, accurate and complete and will remain true, accurate and complete up to the time of the EGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice and recommendation with regard to the Revised Annual Caps, we have taken into account the principal factors and reasons set out below:

#### 1. Information on the Group

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

#### 2. Information on AGMd

AGMd is a wholly-owned subsidiary of AEON Co, and is principally engaged in merchandise procurement for members of the AEON Group with its mission to maximize AEON Group's purchasing volume, to consolidate business negotiations with business partners and manufacturers and to reduce costs by aggregating demands from group companies.

#### 3. Reasons for the Revision of Annual Caps

As stated in the letter from the Board, the entering into of the Master Agreement with AGMd is to enjoy the benefits derived from AGMd's aggregated purchasing/bargaining power which may in turn enhance the Company's control on merchandise costs and gross profit margins.

Since commencement of the Master Agreement, the Group has been procuring certain NB Merchandise from AGMd regularly and expanding types of NB Merchandise from time to time. In response to the increased procurement items from AGMd which enables the Group to enjoy the bulk purchase discount as bargained by AGMd, the Group plans to revise its business plan and increase the scale of purchases. Based on its latest projection, not only does the Group gradually increase items under its regular orders (the "**Regular Orders**") and frozen items orders (the "**Frozen Item Orders**") but also increase its orders to meet seasonal demands and promotional needs. As such, it is expected that the transaction amounts for the purchase of the NB Merchandise under the Master Agreement will exceed the Original Annual Caps and thus the Company revises its Original Annual Caps. As advised by the Management, save for the revision of the annual caps, all the terms and conditions under the Master Agreement remain unchanged.

Based on the above and having considered that the transactions contemplated under the Master Agreement are in line with the Group's principal business, we concur with the Management's view that the Revised Annual Caps are in the interests of the Company and its shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. The Master Agreement

On 17 April 2023, the Company, as the purchaser, and AGMd, as the seller, entered into the Master Agreement pursuant to which the Company agreed to purchase from AGMd a variety of NB Merchandise which AGMd procures from popular brand owner who are third parties independent of AEON Co., its subsidiaries and associates for a period of three years commencing on 17 April 2023 and ending on 16 April 2026. Such merchandise covers a wide range of categories, such as fashion, food and household items, and would then be sold by the Company to retail customers at its general merchandise stores and supermarket stores. Details of the terms of the Master Agreement are set out in the letter from the Board.

Based on the information provided by the Group, the Group placed 7 Regular Orders and 3 Frozen Item Orders with AGMd since the entering into of the Master Agreement in April 2023 to the end of September 2023. Out of those Regular Orders and Frozen Item Orders, we have randomly selected and reviewed 4 Regular Orders and 2 Frozen Item Orders with AGMd which were from June 2023 to August 2023 when the Group increased its purchases with AGMd significantly, which, in our view, are fair and representative samples. The Group purchased 166 items under the 4 Regular Orders and 2 Frozen Item Orders, a summary of which showing the calculation of the Group's total cost for each merchandise and total cost for the same or comparable merchandise offered by independent suppliers (the "Procurement Analysis") has been obtained and reviewed by us. In addition, we have obtained and reviewed all six sales contracts and related invoices under the Regular Orders and Frozen Item Orders that we have reviewed and noted that (i) the total invoiced amount of each purchase order is the same as the purchase amount stated in the Procurement Analysis; and (ii) the two-month credit period granted to the Group by AGMd is approximately the same as the average credit period of 60 days on purchase of goods granted to the Group by its suppliers as stated in the Annual Report. Under the Procurement Analysis, the Management has compared the total costs of the Group (including delivery cost) for its purchase of merchandises from AGMd with those of the independent suppliers and it is noted that the total costs of the Group for its purchase of merchandises from AGMd are around 2% to 88% lower than those of the independent suppliers, a summary of which is set out below:

<b>Total cost of the Group for its purchase of merchandises from AGMd as compared to those based on the quotations from independent suppliers (%)</b>	<b>Number of items involved</b>	<b>Total costs of the Group for its purchase of merchandises from AGMd (HK\$)</b>
-2% to -20%	61	1,428,872
-21% to -40%	80	1,986,319
-41% to -60%	21	489,910
-61% to -80%	2	48,656
-81% to -88%	2	85,488
	<b>166</b>	<b>4,039,245</b>
<b>Total</b>	<b>166</b>	<b>4,039,245</b>

*Note:* The Procurement Analysis includes 4 Regular Orders and 2 Frozen Item Orders from June 2023 to August 2023. The total costs of the Group for the purchase of merchandises from AGMd or those based on quotations provided by independent suppliers included the delivery costs (if applicable)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the table above, it is noted that almost half of the items purchased from AGMd by the Group cost around 21% to 40% less than those of the independent suppliers.

Furthermore, we have randomly selected 50 items purchased from AGMd under the orders that we have reviewed and obtained the comparable quotations by 4 independent suppliers which the Group used for comparison prior to placing orders with AGMd. It is noted that the prices used in the calculation of the total cost of the same or comparable merchandise agree to those quoted by the independent suppliers.

Based on the above, we are of the view that the pricing of the transactions contemplated under the Master Agreement are fair and reasonable.

### 5. Revision of Annual Caps

We have reviewed and discussed with the Management the actual transaction amounts from 17 April 2023 (being the date of the Master Agreement) to 30 September 2023 and their estimated transaction amounts for the period from 1 October 2023 to 16 April 2026 for determining the Revised Annual Caps. A summary of the Group's actual and projected transaction amounts as provided by the Management and the Original and Revised Annual Caps is set out below:

<i>(HK\$'000)</i>	<b>2023</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<b>Apr-Sep<sup>(1)</sup></b>	<b>Oct-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Apr<sup>(2)</sup></b>
	<b>Actual</b>		<b>Estimated amount</b>		
	<b>amount</b>				
Regular Orders	3,542.8	3,474.2	13,692.4	20,363.3	6,867.0
Frozen Item Orders	560.4	792.2	4,356.9	5,941.2	2,079.4
<i>Sub-total</i>	4,103.2	4,266.4	18,049.3	26,304.5	8,946.4
<b>Revised Annual Caps</b>	<b>8,400</b>		<b>18,100</b>	<b>26,400</b>	<b>9,000</b>
Original Annual Caps	7,800		11,000	11,000	3,200

*Notes:*

- (1) It refers to the actual transaction amounts incurred from 17 April 2023, being the date of the Master Agreement, to 30 September 2023.
- (2) It refers to Revised Annual Caps for the period from 1 January 2026 to 16 April 2026, being the last date under the term of the Master Agreement.
- (3) According to the Management, the Group is responsible for the delivery of merchandise from its warehouse(s) in Japan to its warehouse(s) in Hong Kong and therefore delivery costs were not/are not included in the actual amounts or the annual caps.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group, in 2022, started to place orders with AGMd, on trial basis, to purchase food items such as snacks, tea, coffee, etc. and non-food item such as diapers and then, in 2023, to make monthly Regular Orders with increasing number of items such as meals ready to cook & eat, soymilk, dressings, etc.. Starting from the end of June 2023, the Group has also placed Frozen Item Orders with AGMd, which is ice cream, every month.

As advised by the Management, the Group will continue to expand the product type under the Regular Order to include products like soft drinks, non-alcoholic drinks and healthcare and beauty products and increase the monthly Frozen Item Order by additional number of flavours. As shown in the above table, the projected transaction amounts under Regular Order for 3 months ending 31 December 2023 represents 98% of the actual amount for the 5.5 months ended 30 September 2023 and the projected transaction amounts under Frozen Item Order for the remaining 3 months in 2023 is 41% higher than the actual amount for April – September in 2023. The Management further advised us that the Group normally purchases more products from October to January for its Hokkaido/Kyushu/other fair which is held in November and festive seasons including Christmas, New Year and Chinese New Year.

We have reviewed and discussed the projection with the Management and noted that the projected transaction amounts in October – December 2023 is based on (i) (a) estimated monthly Regular Order, being the average of actual transaction amounts in June – September 2023; and (b) the multiplying factor of 1.5 times due to the increase in purchase for the Hokkaido/Kyushu/other fair to be held in November and festive seasons in December 2023 and January 2024, which is determined based on the actual Regular Order placed for Chinese New Year in January 2023 and the average of the normal Regular Orders for March and May 2023; and (ii) estimated monthly Frozen Item Order which is determined based on the average of the actual amounts per flavour under the previous Frozen Item Orders multiplied by the number of flavours that the Group plans to procure.

For (i), the Management considers the use of recent transaction amounts for estimating the normal Regular Orders to be appropriate as the purchase with AGMd has been ramping up after the entering into the Master Agreement in April 2023 and introduction of new items in June/July 2023. When considering the multiplying factor of the Regular Order for October – January as compared to the normal Regular Order, the Management has disregarded the actual transaction amount in April 2023 as control has been imposed on the procurement with AGMd within the de minimus limit before the entering into the Master Agreement. For (ii), the Management plans to place the Frozen Item Order for 4 flavours for October – December 2023 as compared to 3, 2 and 4 flavours at the end of June, in August and September 2023, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the Revised Annual Caps for 2024-2026, we understand that the Management has basically adopted the same approach as set out in (i) and (ii) above coupled with the assumption of new items to be introduced under Regular Orders in July of each of the following years, such as soft drinks and non-alcoholic drinks in 2024, expansion of existing product types including sauce and seasoning products in 2025 and instant food and exclusive health and beauty products in 2026. We consider it reasonable to include additional items in the future projections having considered the newly added items of almond milk and salad dressing under the Regular Orders since June 2023. For the period from February to June, the projected monthly transaction amounts under the Regular Order are the same as the average monthly Regular Orders before the peak season in the previous year. The projected transaction amount for July is estimated to be 1.5 times the normal Regular Order in June and then remains the same for August – September. The Management estimates an increase in purchase by 50% in July to cope with the newly introduced items, after having considered a 240% increase in average monthly Regular Order after introduction of almond milk and dressing items in June/July 2023 and a slower growth rate after the ramp up in 2023. For the period from October to January, the estimated amounts under the monthly Regular Order are the same, which are calculated based on the Regular Order for July plus a multiplying factor of 1.5 times as set out in (i)(b) above. For Frozen Item Order, the Management plans to gradually increase the number of ice cream flavours (1H2024: 5, 2H2024: 6, 1H2025: 7, 2H2025: 8 and 1H2026: 9) in the next three years and has used the average of the actual amounts per flavour under the previous Frozen Item Orders in (ii) above to project the transaction amounts in 2024 – 2026. The projected transaction amounts under the Regular Orders and Frozen Item Orders in 2023 – 2026 have been rounded up to nearest 100,000 to arrive at the Revised Annual Caps.

Given the Revised Annual Caps are determined based on (i) the actual transaction amounts under both Regular Orders and Frozen Item Orders in 2023, their monthly growth trend after introduction of new items, and seasonal fluctuations; and (ii) the Group's plan to introduce new items under both Regular Orders and Frozen Item Orders in 2024 – 2026 which is to make full use of the benefits derived from AGMd's aggregated purchasing/bargaining power for improving the Group's profit margins, we are of the view that the basis in arriving at the Revised Annual Caps are reasonable so far as the Company and the Independent Shareholders are concerned.

### **6. Internal control**

As advised by the Management, prior to placing each order with AGMd, the Company's direct import team will check the prices quoted by AGMd and compare the total cost of the Company for the purchase of each merchandise from AGMd against that of the independent supplier(s). The Company will only procure from AGMd if the total cost of the Company for the purchase of the merchandise from AGMd is no less favourable than that of the independent supplier(s).

In addition, as stated in the letter from the Board, as part of the Group's internal control systems, the Company's Connected Party Transaction Panel, comprising the finance general manager, legal senior manager and the finance/administration general managers of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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two subsidiaries of the Company, will assist the Directors to review and monitor all connected transactions of the Group including the transactions under the Master Agreement. The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group. Whilst the finance departments of the relevant members of the Group will conduct the initial level of control over the transactions and the transaction amounts under the Master Agreement to ensure they are conducted within the frameworks of the Master Agreement and the Revised Annual Caps. Where necessary, the Connected Party Transaction Panel will conduct biannual review of the transactions under the Master Agreement to ensure the transactions are conducted within the framework of the Master Agreement and monitor the utilisation of the Revised Annual Caps to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

In addition, the independent non-executive Directors will, pursuant to Rule 14A.55 of the Listing Rules, review, among other things, whether the transactions under the Master Agreement are conducted on normal commercial terms and the auditors of the Company will, for the purpose of Rule 14A.56 of the Listing Rules, review, among other things, whether the transactions under the Master Agreement are conducted in accordance with the terms thereunder.

Based on the above, the proposed Revised Annual Caps and our work done set out in section 4 above, we concur with the view of the Management that adequate measures in monitoring the transactions under the Master Agreement have been put in place for the purpose of protecting the interests of the Company and the Independent Shareholders.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the bases in arriving at the Revised Annual Caps are reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Revised Annual Caps.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Jenny Leung**  
*Director*

*Ms. Jenny Leung is licensed person and responsible officer of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

## 1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2 INTERESTS IN SECURITIES

### (A) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

#### (a) *The Company*

Name of Directors	Number of shares held as personal interests	Approximate percentage of interests
NAKAGAWA Isei	15,000	0.00577%
NAGASHIMA Takenori	12,000	0.00462%
HISANAGA Shinya	30,000	0.01154%

*(b) AEON Co, the Company's ultimate holding company*

Name of Directors	Number of shares held as personal interests	Approximate percentage of interests
NAKAGAWA Isei	2,400	0.00028%
HISANAGA Shinya	2,030	0.00023%
FUKUDA Makoto	1,000	0.00011%
GOTO Toshiya	6,300	0.00072%

*Note:* The shareholding information above has been confirmed by the respective Directors.

**(B) Substantial Shareholders' interests**

Save as disclosed below, as at the Latest Practicable Date, none of the shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial shareholder	Long positions Number of ordinary shares held	Approximate percentage of the total number of issued shares
AEON Co	157,536,000 <i>(Note)</i>	60.59%

*Note:* These shares are held as to 155,760,000 shares by AEON Co and 1,776,000 shares by AEON Credit Service (Asia) Company Limited ("ACS"). ACS is owned by AEON Co as to 281,138,000 shares representing 67.13% of the issued share capital of ACS. AEON Co is deemed to be interested in the 1,776,000 shares owned by ACS.

### 3 DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or proposed Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

	<b>Name of substantial shareholder of the Company</b>	<b>Position in the substantial shareholder of the Company</b>
FUKUDA Makoto	AEON Co	General Manager of Finance Department
GOTO Toshiya	AEON Co	Executive Officer

### 4 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 5 COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

### 6 DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

### 7 DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

## 8 MATERIAL ADVERSE CHANGE

References are made to the Company's (i) profit warning announcement dated 3 August 2023, (ii) interim results announcement for the six months ended 30 June 2023 dated 25 August 2023, and (iii) interim report for the six months ended 30 June 2023 published on 19 September 2023, regarding the performance of the Group for the six months ended 30 June 2023 and the related information included therein. Save for the recording of a loss attributable to Shareholders of approximately HK\$78 million for the six months ended 30 June 2023, as at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 9 MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

## 10 LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

## 11 EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley Capital Limited	a corporation licenced to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## **12 GENERAL**

- (1) The registered office of the Company is at G-4 Floor, Kornhill Plaza (South), 2 Kornhill Road, Hong Kong.
- (2) The principal place of business of the Company is at Units 07-11, 26/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong.
- (3) The share registrar of the Company is Tricor Secretaries Limited at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (4) The secretary of the Company is Mr. Chan Kwong Leung, Eric, who is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

## **13 DOCUMENTS ON DISPLAY**

A copy of the Master Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.aeonstores.com.hk](http://www.aeonstores.com.hk)) for a period of 14 days from the date of this Circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of shareholders of AEON Stores (Hong Kong) Co., Limited (the “**Company**”) will be held at Function Room, Units 07-11, 26 Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Thursday, 28 December 2023 at 10:00 a.m. (the “**EGM**”), to consider and, if thought fit, pass, with or without amendments, the following resolution below as an ordinary resolution.

Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the circular to shareholders of the Company dated 6 December 2023.

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the Revised Annual Caps (as defined and described in the Circular) be and are hereby approved, confirmed and ratified; and
- (b) all acts done and things executed and all such documents or deeds entered into in connection with the implementation of the Master Agreement and the transactions contemplated thereunder and the Revised Annual Caps for the transactions contemplated thereunder be and are hereby ratified, confirmed and approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents or deeds and to take all steps as the Director may in his/her discretion consider necessary, desirable or expedient in connection with the implementation of the Revised Annual Caps of the transactions contemplated thereunder and to make and agree to such variations, amendments or waivers of matters relating thereto, as are, in the opinion of the Director, necessary or desirable.”

By Order of the Board of  
AEON Stores (Hong Kong) Co., Limited  
**CHAN Kwong Leung, Eric**  
*Company Secretary*

Hong Kong, 6 December 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered office:*

G-4 Floor  
Kornhill Plaza (South)  
2 Kornhill Road  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or (if he is a holder of two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company's share registrar, Tricor Secretaries Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof.
3. The register of members of the Company will be closed from Thursday, 21 December 2023 to Thursday, 28 December 2023, both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's share registrar, Tricor Secretaries Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Wednesday, 20 December 2023.
4. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but should there be more than one of such joint holders present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Voting of the ordinary resolution set out in this notice will be by way of poll.
6. Reference to times and dates in this notice are to Hong Kong times and dates.
7. If Typhoon Signal No. 8 or above is hoisted or remains hoisted at 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the Company's website at [www.aeonstores.com.hk](http://www.aeonstores.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) to notify shareholders of the Company of the date, time and place of the rescheduled EGM.

The EGM will be held on Thursday, 28 December 2023 as scheduled when an Amber or a Red Rainstorm Warning Signal or a Black Rainstorm Warning Signal is in force in Hong Kong at any time on that day. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.