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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 AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF LISTED SECURITIES**

The Board wishes to announce that on 17 May 2024 (after trading hours of the Stock Exchange), the Company (as vendor) entered into the SPA with the Purchaser (as purchaser), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Disposal Shares (comprising 1,654,500 Shares, representing approximately 0.40% of the total issued Shares as at the date of this announcement) at the price of HK\$6.04 per Disposal Share with a total consideration of HK\$9,993,180 (before transaction costs).

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are all below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is a connected person of the Company by virtue of it being a 30%-controlled company of AEON Co, the controlling shareholder of the Company interested in approximately 60.59% interest in the Company. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Disposal are below 25% and the total Consideration is less than HK\$10,000,000.00, pursuant to Rule 14A.76(2)(b), the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE DISPOSAL

The Board wishes to announce that on 17 May 2024 (after trading hours of the Stock Exchange), the Company (as vendor) entered into the SPA with the Purchaser (as

purchaser), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Disposal Shares (comprising 1,654,500 Shares, representing approximately 0.40% of the total issued Shares as at the date of this announcement) at the price of HK\$6.04 per Disposal Share with a total Consideration of HK\$9,993,180 (before transaction costs).

THE SPA

The principal terms of the SPA are as follows:

| | |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date: | 17 May 2024 |
| Parties: | The Company, as vendor, and the Purchaser, as purchaser |
| Subject Matter: | The Company agrees to sell, and the Purchaser agrees to purchase, the Disposal Shares, comprising 1,654,500 Shares, representing approximately 0.40% of the total issued shares of AEON Credit as at the date of this announcement |
| Consideration: | <p>The total Consideration is HK\$9,993,180.</p> <p>The Consideration of HK\$6.04 per Disposal Share represented the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day. The Consideration represented the market price of the Disposal Shares at the time of Disposal.</p> <p>The Consideration was determined with reference to, among others, (i) the prevailing market price of the Disposal Shares; and (ii) the factors set out in the section headed “Reason for and Benefits of the Disposal and Use of Proceeds”.</p> |
| Payment terms: | The Consideration shall be settled by bank transfer in HK\$ on the date of Completion by the Purchaser to the Company's designated account. |
| Conditions precedent | <p>Completion is subject to the following conditions being satisfied:</p> <p>(i) compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) by the Company in relation to the SPA and the transaction contemplated thereunder; and</p> <p>(ii) all authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the SPA and the transaction contemplated thereunder having been complied with, granted, received or obtained by the Vendor and the Purchaser and remain in full force and effect and not revoked up to the date of Completion.</p> |
| Completion: | Completion shall take place within five (5) business days upon fulfillment of all conditions precedent set out in the SPA, or such later date as mutually agreed by the Company and the Purchaser in writing. |

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Company holds 3,784,000 Shares, representing approximately 0.90% of the total issued shares of AEON Credit. Assuming there is no change in the total issued shares of AEON Credit from the date of this announcement to the date of Completion, the Company will remain interested in a total of 2,129,500 Shares in AEON Credit upon Completion, representing approximately 0.48% of the total issued shares of AEON Credit. Accordingly, the remaining equity interest in AEON Credit held by the Company will remain to be recorded as “financial assets at fair value through profit or loss”.

Upon Completion, the Group expects to recognise an unaudited gain from the Disposal (before transaction costs) of approximately HK\$976,155.00, which is calculated as the difference between (i) the carrying value of the Disposal Shares of approximately HK\$9,017,025.00 and (ii) the total Consideration of HK\$9,993,180.00. The actual gain or loss from the Disposal to be recorded by the Group shall be subject to the review and audit by the auditor of the Company and may be different from the estimated amount.

The Group intends to use the proceeds from the Disposal (after deducting related fees and expenses) for the Group’s general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The principal business of the Group is the operation of retail businesses through chain stores under the trade name of “AEON STYLE”, “AEON” and “AEON SUPERMARKET” in Hong Kong and the PRC.

Based on the recent market prices of AEON Credit, the Directors are of the view that the Disposal represented an opportunity to realise part of the Company’s investment in the Disposal Shares so as to strengthen the cash position of the Group and will allow the Group to reallocate more financial resources on the general working capital of the Group.

The Directors, including all the independent non-executive Directors, are of the view that notwithstanding the Disposal is not in the ordinary and usual course of business of the Group, the Group’s divestment in the Shares could generate general working capital for the Group and the terms of the Disposal set out in the SPA (including the Consideration) are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

At the Board meeting convened to consider the Disposal and the SPA, Mr. Toshiya Goto, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Isei Nakagawa, Mr. Makoto Fukuda and Mr. Hiroyuki Inohara were regarded as potentially having a material interest in the SPA and the Disposal and accordingly abstained from voting on the relevant resolutions.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are all below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is a connected person of the Company by virtue of it being a 30%-controlled company (as defined in the Listing Rules) of AEON Co, the controlling shareholder of the Company holding approximately 60.59% interest in the Company. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Disposal are below 25% and the total Consideration is less than HK\$10,000,000.00, pursuant to Rule 14A.76(2)(b), the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company and the Group

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

AEON Credit and the Purchaser

AEON Credit is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange (stock code: 900). As at the date of this announcement and prior to Completion, shareholders of AEON Credit include the Purchaser (holding approximately 54.04% of the issued shares of AEON Credit), AEON Co (holding approximately 13.37% of the issued shares of AEON Credit) and the Company (holding approximately 0.9% of the issued shares of AEON Credit).

Certain key financial information of AEON Credit as extracted from its published audited financial statements for the years ended 28 February 2023 and 2024 are set out as follows:

| | For the years ended 28 February | |
|-----------------------|---------------------------------|-----------------|
| | 2023 | 2024 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) |
| Net profit before tax | 449,294 | 472,528 |
| Net profit after tax | 373,611 | 392,270 |

The audited net asset value of AEON Credit as at 28 February 2024 was approximately HK\$4,068 million.

The Purchaser group (including the Purchaser and 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.

As at the date of this announcement, the Purchaser is directly wholly owned by Aeon Financial Service Co., Ltd. (a company incorporated in Japan with limited liability), which is in turn directly held as to approximately 48.08% by AEON Co. (the controlling shareholder of the Company and the issued shares of which are listed on the Tokyo Stock Exchange).

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 (stock code: 900) |
| “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 (stock code: 984) |
| “Completion” | completion of the Disposal under the SPA |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “Consideration” | the consideration for the Disposal pursuant to the SPA |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

| | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Disposal” | the disposal of the 1,668,500 Shares in AEON Credit held by the Company to the Purchaser pursuant to the SPA |
| “Disposal Share(s)” | the 1,654,500 Shares in AEON Credit subject to the Disposal pursuant to the SPA |
| “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 |
| “Last Trading Day” | the last trading day of the Shares on the Stock Exchange immediately before the date of the SPA |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Purchaser” | AEON Financial Service (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability |
| “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 |
| “Share(s)” | share(s) in the ordinary share capital of AEON Credit which are listed on the Stock Exchange |
| “SPA” | the Sale and Purchase Agreement dated 17 May 2024 entered into by the Company and the Purchaser in respect of the Disposal |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

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

Hong Kong, 17 May 2024

As at the date of this announcement, the Executive Directors are Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Toshiya Goto, Mr. 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.