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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 31 May 2024, 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 1 June 2024 to 31 May 2025 at licence fees of HK\$251,919 per month exclusive of government rates and management fees.

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 Annual Caps 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.

1. BACKGROUND

The Board is pleased to announce that on 31 May 2024, 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 1 June 2024 to 31 May 2025 at the licence fee of HK\$251,919 per month exclusive of rates and management fees.

Reference is made to the Company's announcement dated 30 March 2023 in respect of the previous licence agreement pursuant to which the Company gave AEON Credit the right to use the Shop for a fixed term of one year from 1 April 2023 to 31 March 2024. Since the parties were negotiating the terms and conditions for the new licence agreement pending the Company's renewal of the lease of the Premises, the parties entered into a short-term licence agreement

based on the same terms and conditions of the previous licence agreement except that the duration was for the period from 1 April 2024 to 31 May 2024 with a total payment of HK\$540,687 for the licence fees, management fees, government rates and utilities charges payable by AEON Credit to the Company. The short-term licence agreement constituted de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules.

The Company has entered into a renewal offer with the landlord's agent, 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

31 May 2024

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 1 June 2024 to 31 May 2025.

Fees

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

- (i) a licence fees of HK\$251,919 per month;
- (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\$12,405 or such other increased rate as the Company shall from time to time decide; and
- (v) pay to the Company a deposit of HK\$503,838.

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

The Directors estimate that the maximum aggregate amount payable by AEON Credit to the Company on an annual basis under the Licence Agreement will not exceed the annual caps (the “Annual Caps”) below:

Financial Year/Period	Annual Caps
1 June 2024 to 31 December 2024	HK\$2.15 million
1 January 2025 to 31 May 2025	HK\$1.54 million

In arriving at the 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, and (ii) the historical government rates and utilities costs in respect of the 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 under previous licence agreements for the three years ended 31 December 2023, being approximately HK\$3.0 million, HK\$3.1 million and HK\$3.2 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. The licence granted under the Licence Agreement is mainly for AEON Credit’s purpose of operating its service counters inside the 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 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. Toshiya Goto, Mr. Takenori Nagashima, Mr. Shinya Hisanaga 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 applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Annual Caps 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 31 May 2024 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”	the ground to fourth floors of Kornhill Plaza (South), 2 Kornhill Road, Quarry Bay, Hong Kong
“Shop”	Shop No. L108 on 1/F of the Premises having an approximate area of 827 square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 31 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. Hiroyuki Inohara, Mr. Kenji Fujita and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting.