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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
ENTERING INTO OF THE CARD ACQUIRING MERCHANT AGREEMENT
AND ROYALTY AGREEMENT**

Reference is made to the Announcements. The Board is pleased to announce that on 11 July 2024, the Company has conditionally entered into the CCT Agreements, namely:

- the Card Acquiring Merchant Agreement with AEON Credit in respect of card acquiring services to be provided by AEON Credit to the Company; and
- the Royalty Agreement with AEON Co in respect of, among other things, the Group's use of the Trade Marks.

As at the date of this announcement, each of AEON Credit and AEON Co is a connected person of the Company by virtue of AEON Co being the controlling shareholder of the Company and AEON Credit being a subsidiary of AEON Co. Accordingly, the transactions contemplated under each of the CCT Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the transactions under the Card Acquiring Merchant Agreement and the Commission Payment Master Agreement are entered into by the same parties and are similar in nature, the transactions under these two agreements shall be aggregated for the purpose of calculating the annual caps and determining the Listing Rules requirements applicable to the Card Acquiring Merchant Agreement.

As the highest of the applicable percentage ratios in respect of the aggregated annual caps for the Card Acquiring Merchant Agreement and the annual cap under the Royalty Agreement are more than 5%, the transactions contemplated under each of the CCT Agreements constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of each of the CCT Agreements and the relevant annual caps of the underlying transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of each of the CCT Agreements.

A circular containing, among other things, (i) the details of the CCT Agreements; (ii) the letter from the Independent Board Committee; (iii) the letter from the Independent Financial Adviser; (iv) the notice of EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 16 July 2024.

INTRODUCTION

Reference is made to the Announcements. The Board is pleased to announce that on 11 July 2024, the Company has conditionally entered into the CCT Agreements, namely:

- the Card Acquiring Merchant Agreement with AEON Credit in respect of card acquiring services to be provided by AEON Credit to the Company; and
- the Royalty Agreement with AEON Co in respect of, among other things, the Group's use of the Trade Marks.

THE CARD ACQUIRING MERCHANT AGREEMENT

Reference is made to the announcement of the Company dated 30 June 2021 in respect of, among other things, the entering into of the Previous Card Acquiring Merchant Agreement. As at the date of this announcement, the Company has been engaging AEON Credit to provide card acquiring services whereby customers of the Company may conveniently select their favourite payment solutions (i.e. debit or credit cards, or devices storing the same electronically, issued by entities other than AEON Credit) for making purchases of goods and/or services at the Company's stores in Hong Kong.

Reference is also made to the announcement of the Company dated 1 February 2023 in relation to the transactions under the Commission Payment Master Agreement. As at the date of this announcement, pursuant to the Commission Payment Master Agreement, AEON Credit has been providing the Company with services relating to credit purchase facilities, card instalment plan, other payment solutions and other related services made available by AEON Credit to customers of the Company for making purchases of goods and/or services at the Company's stores mainly using co-branded credit cards issued by AEON Credit.

The Previous Card Acquiring Merchant Agreement was for a term of three years commencing on 16 August 2021 and expires on 15 August 2024. To ensure no interruption to the card acquiring services, the Company invited three service providers, including AEON Credit and two other service providers which are parties independent of the Company and its connected persons, to submit tender for the said card acquiring services and AEON Credit offered the Lowest Fee Rate. As such, the Company intends to renew the said card acquiring services to be provided by AEON Credit solely and on a non-exclusive basis. On 11 July 2024, the Company and AEON Credit have conditionally entered into the Card Acquiring Merchant Agreement so as to enable AEON Credit to provide the said card acquiring services. The entering into of the Card Acquiring Merchant Agreement shall be without prejudice to the validity of, the continuing connected transactions governed by, the Commission Payment Master Agreement. Whilst the Commission Payment Master Agreement covers card services provided by AEON Credit in respect of cards issued by AEON Credit, the Card Acquiring Merchant Agreement covers card services provided by AEON Credit in respect of cards issued by entities other than AEON Credit.

Principal terms

The principal terms of the Card Acquiring Merchant Agreement are as follows:

- Date: 11 July 2024
- Parties: the Company; and
AEON Credit
- Term: Subject to the fulfilment of the Condition Precedents, the term of the Card Acquiring Merchant Agreement shall commence on 16 August 2024, for a period of three years, unless terminated earlier in accordance with the terms of the Card Acquiring Merchant Agreement. If the Condition Precedents have not been fulfilled as certified by the respective party, the Card Acquiring Merchant Agreement shall immediately terminate and the parties shall have no claims thereunder save as to any antecedent breach.
- Honouring Cards: The Company shall accept and honour all Cards presented by a Cardholder for payment of the Company's merchandise or services.
- Acquiring Service: In respect of each completed Transaction using a Card issued by entities other than AEON Credit, AEON Credit shall be responsible for collecting payment of each Transaction from the Card issuing financial institution / entity in accordance with the regulations of the Card Associations. AEON Credit shall then pay the amount of each Transaction (less the applicable Merchant Discount Amount) to the Company within two business days upon completion of such Transaction (conditional on receipt of such Sales Draft and/or Manual Sales Draft, as the case may be) to a designated bank account of the Company or by cheque or in such manner mutually agreed between the Company and AEON Credit.

Fees:	In consideration of the services provided by AEON Credit, the Company shall pay a fee equal to the Merchant Discount Amount to AEON Credit, which shall be made by way of deduction from the payment by AEON Credit of the corresponding amount of each Transaction to the Company.
Disputes and Chargeback:	<p>If AEON Credit is aware of any Chargeback, it shall forthwith inform the Company and advise the Company of any possible mechanism that the Company may pursue to defend against such Chargeback subject to provision of reasonable supporting documents and/or information by the Company.</p> <p>If any dispute arises or exists between the Company and a Cardholder or any other person in relation to any merchandise or services, or any representation or obligation made in connection with a Transaction, the Company shall at all times indemnify AEON Credit against all claims, and hold AEON Credit harmless from all costs, losses and liability resulting from such disputes and suffered by AEON Credit, provided that there is no material fault or delay on the part of AEON Credit contributing to the loss or claim.</p>
Termination:	<p>The Card Acquiring Merchant Agreement may be terminated with immediate effect by either party if the other party is involved in certain activities such as (i) material breach of the Card Acquiring Merchant Agreement; (ii) liquidation, receivership; (iii) fraudulent activity or, dishonesty or money laundering or other illegal activities; and (iv) discontinuation in all its operations. The Card Acquiring Merchant Agreement may also be terminated by either party by 90 days' prior written notice to the other party.</p> <p>AEON Credit may also terminate the Card Acquiring Merchant Agreement immediately by written notice to the Company if the Company's account remains dormant with AEON Credit for more than three consecutive months.</p>

The transaction amount and annual cap

Save for the Merchant Discount Amount and, if any, charges payable arising from disputes and Chargeback as described above, no other commission, fees and/or charges are payable by the Company in respect of the card acquiring services to be provided by AEON Credit under the Card Acquiring Merchant Agreement.

The Directors estimate that the maximum amount payable by the Company to AEON Credit relating to the Card Acquiring Merchant Agreement on an annual basis will not exceed the annual caps below:

Financial Year/Period	Annual cap <i>(HK\$ million)</i>
16 August 2024 to 31 December 2024	6.3
1 January 2025 to 31 December 2025	17.8
1 January 2026 to 31 December 2026	17.2
1 January 2027 to 15 August 2027	10.7

In arriving at the above annual caps, the Directors have taken into account (i) the historical transaction amounts paid by the Company under the Previous Card Acquiring Merchant Agreement set out below; (ii) the Company's expected gradual business growth generally and expansion of store network based on its business plan and management's estimation; (iii) the expected increase in proportion of consumption through credit card payments in the absence of consumption vouchers; and (iv) a buffer to allow flexibility for the potential increase in card acquisition transaction amount resulting from, among other things, sales or card promotions, which in turn might generate card charges payable to AEON Credit.

Historical transaction amount paid by the Company under the Previous Card Acquiring Merchant Agreement is as follows:

Financial Year/Period	Actual transaction amount (HK\$ million)	Annual Cap under Previous Card Acquiring Merchant Agreement (HK\$ million)
16 August 2021 – 31 December 2021	2.04	10.6
1 January 2022 – 31 December 2022	15.7	21.8
1 January 2023 – 31 December 2023	14.7	23.2
1 January 2024 - 31 May 2024	5.8	12.2*

**annual cap amount is for the period of 1 January 2024 to 15 August 2024*

The Company does not expect that the annual cap under the Previous Card Acquiring Merchant Agreement for the period from 1 January 2024 to 15 August 2024 will be exceeded.

THE ROYALTY AGREEMENT

Reference is made to the announcement of the Company dated 30 September 2021 in relation to the Previous Royalty Agreement. The Previous Royalty Agreement will expire on 31 December 2024.

The Board is pleased to announce that on 11 July 2024, the Company has conditionally entered into the Royalty Agreement with AEON Co to renew the Previous Royalty Agreement.

Principal terms

The principal terms of the Royalty Agreement are as follows:

- Date: 11 July 2024
- Parties: (a) the Company; and
(b) AEON Co, as adviser

- Term:** Subject to the fulfilment of the Condition Precedents, the term of the Royalty Agreement shall be a period of three years commencing on 1 January 2025 and expiring on 31 December 2027 unless terminated earlier in accordance with the terms of the Royalty Agreement. If the Condition Precedents have not been fulfilled as certified by the respective party, the Royalty Agreement shall immediately terminate and the parties shall have no claims thereunder save as to any antecedent breach.
- Trademarks:** Pursuant to the Royalty Agreement, the Company and/or its Affiliates (through the Company) shall be granted by AEON Co:
- (a) an exclusive right to use the Hong Kong Trade Marks and the Macau Trade Marks in relation to the Business within the Territory;
 - (b) a non-exclusive right to use the PRC Trade Marks in relation to the Business within the PRC; and
 - (c) a non-exclusive right to use the Trade Marks in relation to the following businesses in the Territory and the PRC:
 - (i) the provision of retail services;
 - (ii) the operation of shopping centres; and
 - (iii) catering services, food-court with seating and restaurants.
- Technical assistance:** AEON Co shall disclose full particulars of the Know-How to the Company as the Know-How is being developed or updated from time to time and grant the Company during the term of the Royalty Agreement the non-exclusive right to use the Know-How in relation to the Business in the Territory and the PRC.
- Fees and payment:** In each financial year during the term of the Royalty Agreement, the Company shall pay to AEON Co a fee equal to the aggregate of (a) an amount representing 0.2% of the audited consolidated Total of Revenue of the Company and its Affiliates for such financial year; and (b) an amount representing 0.05% of the audited Total of Revenue of the Company and its Affiliates in respect of the Business in the Territory for such financial year.
- The fee shall be paid within 30 days after the Company's annual general meeting (or its adjourned meeting(s)) for approving the Company's consolidated financial results of each financial year.
- Non-competition:** AEON Co undertakes that, except with the prior written consent of the Company, neither AEON Co nor any of its Affiliates will, either solely or jointly with any person, be engaged in or participate in the ownership or operation of retail business in the style of Multiple Category Stores and/or Special Supermarket Stores within the Territory during the term of the Royalty Agreement.
- Termination:** The Royalty Agreement may be terminated with immediate effect by either party if the other party commits any continuing or material breach and (in case the breach is capable of remedy) fails to remedy the same within 60 days after receipt from

the non-defaulting party's written request to remedy, or if the other party is in liquidation, receivership or ceases to carry on business, etc. On termination, the Company shall remove all signs and other things on which any of the Trade Marks are used and shall thereafter cease use of:

- (a) any of the Trade Marks including any trading name which consist of or includes any of the Trade Marks; and
- (b) the Know-How,

and shall procure its Affiliates to do the same. Any continued use of the Trade Marks and/or the Know-How by the Company and its Affiliates after termination or expiry of the Royalty Agreement shall be subject to separate negotiations and written agreement between the parties.

The transaction amount and annual cap

The Directors estimate that the maximum amount payable by the Company to AEON Co under the Royalty Agreement on an annual basis will not exceed the annual caps below:

Financial Year	Annual cap <i>(HK\$ million)</i>
1 January 2025 to 31 December 2025	29.5
1 January 2026 to 31 December 2026	29.9
1 January 2027 to 31 December 2027	30.9

In arriving at the above annual caps, the Directors have taken into account (i) historical transaction amounts under the Previous Royalty Agreement set out below; (ii) the historical development in retail sales of the Group's department stores and the supermarket chain stores; (iii) the expected business growth of the Group in Hong Kong and the PRC based on its business plan and management's estimation; and (iv) a buffer to allow flexibility for the further increase in sales of the Group resulting from, among other things, additional number of stores and/or exchange rate fluctuations.

Historical transaction amount paid by the Company in respect of transactions under the Previous Royalty Agreement and its former agreement is as follows:

Financial Year / Period	Actual transaction amount <i>(HK\$ million)</i>	Annual Cap under Previous Royalty Agreement <i>(HK\$ million)</i>
1 January 2021 – 31 December 2021	26.1	40.0
1 January 2022 – 31 December 2022	26.5	32.1
1 January 2023 – 31 December 2023	23.4	34.7
1 January 2024 – 31 May 2024	9.5 ^(Note 1)	37.2 ^(Note 2)

Notes:

1. This represents the estimated transaction amount incurred by the Company for the period from 1 January 2024 to 31 May 2024 under the Previous Royalty Agreement. Pursuant to the Previous Royalty Agreement, royalty fee is calculated with reference to the audited consolidated Total of Revenue of the Group and is payable by the Company within 30 days after the Company's annual general meeting for approving its consolidated financial results of each year. As at the date of this announcement, no royalty fee had been paid by the Company in respect of the financial year 2024.

2. Annual cap amount is for the period of 1 January 2024 to 31 December 2024.

The Company does not expect that the annual cap under the Previous Royalty Agreement for the period from 1 January 2024 to 31 December 2024 will be exceeded.

REASONS FOR AND BENEFITS OF ENTERING INTO EACH OF THE CCT AGREEMENTS

The Card Acquiring Merchant Agreement

By an invitation to tender, the Company invited three services providers, including AEON Credit and two other independent third party service providers, to offer card acquiring services to the Company. Each of these service providers offers a service fee rates scheme in connection with its card acquiring services and AEON Credit offered the Lowest Fee Rate among all these service providers, the Company therefore entered into the Card Acquiring Merchant Agreement. Whilst the Commission Payment Master Agreement covers card services provided by AEON Credit in respect of cards issued by AEON Credit, the Card Acquiring Merchant Agreement covers card services provided by AEON Credit in respect of cards issued by entities other than AEON Credit. The Directors consider that the procurement of AEON Credit's services pursuant to the Card Acquiring Merchant Agreement will save the Company's costs and further contribute positively in building sales and extending the Company's customer base and the Directors expect that there will be continual growth in sales attributable to the various payment solutions and related services to be provided by AEON Credit to customers of the Company.

The Directors, excluding the independent non-executive Directors whose view will be set out in the circular to be issued by the Company, are of the view that (i) the Card Acquiring Merchant Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the Card Acquiring Merchant Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (iii) the Card Acquiring Merchant Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the Company's business.

The Royalty Agreement

Pursuant to the Previous Royalty Agreement, the Company and its Affiliates (through the Company) has been granted various rights to use the Trade Marks and the Know-How. The Previous Royalty Agreement will expire on 31 December 2024. The Directors consider that the Trade Marks, which are well known in Hong Kong, Macau and the Guangdong Province of the PRC, are essential to the operations and success of the Group. In addition, the Know-How which comprises information and knowhow used, employed or developed by AEON Co for the management and operation of retail stores, wholesale business and related supporting facilities can also benefit the operations of the Group. The Directors therefore consider that the use of the Trade Marks by the Group would continue to benefit the business development and expansion of the Group in Hong Kong, Macau and the PRC. The Directors are of the view that the entering into of the Royalty Agreement would secure the continuing usage of the Trade Marks and the Know-How on terms reasonable to the Company and the renewal of the Previous Royalty Agreement is in the interest of the Company and its Shareholders as whole.

In respect of the royalty fee payable, the Company is not aware of directly comparable transaction on trademark licensing relating to general merchandise stores and supermarket stores in the market over the past 3 years. The royalty fees under the Royalty Agreement are determined after arm's length negotiations between the parties and such rates are the same as those under the Previous Royalty Agreement. In addition, AEON Co only grants the right to use its trademarks to its subsidiaries for the operation of general merchandise stores and supermarket stores in the PRC (which is regarded as exact and directly comparable transaction) charging at the same applicable rates as the Royalty Agreement. The royalty fee payable under the Royalty Agreement is thus considered on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

The terms of the Royalty Agreement have been reached after arm's length negotiations between the Company and AEON Co. The Directors, excluding the independent non-executive Directors whose view will be set out in the circular to be issued by the Company, are of the view that (i) the Royalty Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the Royalty Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iii) the Royalty Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the Company's business.

INTERNAL CONTROL

As part of the Group's internal control systems, the Company's Connected Party Transaction Panel, comprising corporate planning senior manager, finance 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 CCT Agreements. The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group. The finance departments of the relevant members of

the Group will conduct the initial level of control over the transaction and the transaction amounts under CCT Agreements to ensure they are conducted within the frameworks and the annual caps of the CCT Agreements. Where necessary, the Connected Party Transaction Panel will conduct biannual review of the transactions under the CCT Agreements to ensure the transactions are conducted within the framework of the CCT Agreements and monitor the utilisation of the annual caps for the CCT Agreements to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

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

AEON Credit and its subsidiaries are 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. It is a subsidiary of AEON Co.

AEON Co is a public limited company incorporated in Japan and listed on the Tokyo Stock Exchange. 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 date of this announcement, each of AEON Credit and AEON Co is a connected person of the Company by virtue of AEON Co being the controlling shareholder of the Company and AEON Credit being a subsidiary of AEON Co. Accordingly, the transactions contemplated under each of the CCT Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the transactions under the Card Acquiring Merchant Agreement and the Commission Payment Master Agreement are entered into by the same parties and are similar in nature, the transactions under these two agreements shall be aggregated for the purpose of calculating the annual caps and determining the Listing Rules requirements applicable to the Card Acquiring Merchant Agreement.

As the highest of the applicable percentage ratios in respect of the aggregated annual caps for the Card Acquiring Merchant Agreement and the annual cap under the Royalty Agreement are more than 5%, the transactions contemplated under each of the CCT Agreements constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

FORMATION OF AN INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of each of the CCT Agreements and the relevant annual caps of the underlying transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

CIRCULAR

A circular containing, among other things, (i) the details of the CCT Agreements; (ii) the letter from the Independent Board Committee; (iii) the letter from the Independent Financial Adviser; (iv) the notice of EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 16 July 2024.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of each of the CCT Agreements. In view of AEON Co's interests in the CCT Agreements, AEON Co and its associates are required to abstain and shall abstain from voting on the ordinary resolutions to be proposed at the EGM to approve the CCT Agreements and the relevant annual caps of the underlying transactions contemplated thereunder. Mr. Toshiya Goto, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Isei Nakagawa, Mr. Makoto Fukuda and Mr. Hiroyuki Inohara are shareholders, employees or ex-employees of AEON Co and are regarded as potentially having a material interest in the CCT Agreements. Accordingly, they have accordingly abstained from voting on the relevant resolutions at the Board meeting convened to consider the CCT Agreements. For the same reason, Mr. Isei Nakagawa, Mr. Takenori Nagashima and Mr. Shinya Hisanaga (being shareholders of the Company) will abstain from voting on the relevant resolutions as a shareholder of the Company at the EGM. Apart from the above persons, the Directors are not aware of any other shareholders of the Company who are required to abstain from voting on the resolutions at the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 July 2024 to Wednesday, 31 July 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Thursday, 25 July 2024.

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 and 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 and the issued shares of which are listed on the Stock Exchange (stock code: 900)
“Affiliates”	with respect to a party, means all companies, firms, corporations or other entities which are either directly or indirectly controlling, controlled by or under common control with that party, provided that to the affiliates of the Company and its Affiliates shall not include AEON Co and companies owned or controlled by AEON Co other than the Company and companies directly or indirectly controlled by the Company, and, the affiliates of AEON Co and its Affiliates shall not include the Company and companies owned or directly or indirectly controlled by the Company
“Announcements”	the announcement of the Company dated 30 June 2021 in respect of, among other things, the entering into of the Previous Card Acquiring Merchant Agreement and the announcement of the Company dated 30 September 2021 in relation to the Previous Royalty Agreement
“Board”	the board of Directors
“Business”	the (i) ownership or (ii) ownership and operation of retail business in the style of Multiple Category Stores and/or Special Supermarket Stores
“Card”	a credit or debit card bearing the mark(s) and/or hologram(s) in the form from time to time specified by the respective Card Associations and issued by a member of the Card Associations other than AEON Credit
“Card Acquiring Merchant Agreement”	the card acquiring merchant agreement dated 11 July 2024 entered into by the Company and AEON Credit in relation to card acquiring services provided by AEON Credit
“Card Association”	Mastercard, Visa, CUP, JCB and any other card associations as the parties may mutually agree to be included in the Card Acquiring Merchant Agreement from time to time
“Cardholder”	an individual person carrying, tapping, using or showing a Card
“Cardholder Present Sale”	a Transaction where a Card is physically presented to the Company by the Cardholder as the means of payment at the time of a sale and where the Company can evidence the presence of the Card presented

	by chip read, Card swipe through an EDC Terminal, contactless tap or by imprint of the Card using a Manual Sales Draft
“CCT Agreements”	the Card Acquiring Merchant Agreement and the Royalty Agreement
“Chargeback”	a demand by a Card issuing financial institution or a Card Association to be repaid a sum of money paid by AEON Credit in respect of a Transaction which has been previously settled between the Company and AEON Credit and for which AEON Credit may or may not have been paid by that Card Association
“Commission Payment Master Agreement”	the master agreement dated 1 February 2023 entered into between the Company and AEON Credit in respect of commissions payable by the Company to AEON Credit in respect of purchases made by customers of the Company using credit purchase facilities provided by AEON Credit including, among other things, various credit cards issued by AEON Credit (please refer to the announcement of the Company dated 1 February 2023 for details)
“Company”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 984)
“Condition Precedents”	in respect of each of the CCT Agreements, approval of such CCT Agreement by the Company’s Independent Shareholders and compliance with all applicable requirements under the Listing Rules by the relevant parties to such CCT Agreement
“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
“CUP”	China UnionPay Co., Limited
“Direct Sales Area”	(i) the floorspace where consumer merchandise is displayed; (ii) the floorspace occupied or utilised by facilities ancillary to and relating to the above and to which customers have access including corridors, cashier counters, customer service counters, sitting areas, washrooms and baby care rooms; and (iii) the floorspace licensed by the Company to third parties trading under their own names and/or their own account
“Director(s)”	the director(s) of the Company
“EDC Terminal”	an electronic data capture device either owned, provided by and at the cost of AEON Credit for the Company’s use under the Card Acquiring Merchant Agreement or otherwise approved by AEON Credit to be used for capturing Card details for obtaining authorisations and submitting Transactions to AEON Credit. Such device enables the Company to insert, swipe, tap, or manually enter the required Card information, and to transmit such data to and receive such data from AEON Credit for authorisation and further processing

“EGM”	the extraordinary general meeting of Shareholders to be held to consider resolutions relating to the CCT Agreements and the transactions contemplated thereunder and any adjournment of such EGM
“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
“Hong Kong Trade Marks”	the trademarks that are owned and/or registered by AEON Co in Hong Kong and licensed to the Company pursuant to the Royalty Agreement from time to time
“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 transactions contemplated under the CCT Agreements
“Independent Shareholders”	Shareholders other than those who have a material interest in the CCT Agreements
“JCB”	JCB International Co., Limited
“Know-How”	all information and know-how (including that comprised in formulae, techniques, designs, specifications, drawings, manuals, instructions and catalogues) used, employed or developed by AEON Co from time to time for the management and operation of retail stores, wholesale business and related supporting facilities (as the same may from time to time be modified, improved, updated or amended)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lowest Fee Rate”	the weighted average commission rate which is calculated based on the card acquisition amount processed/to be processed by the service provider for 2023 and 2024 multiplied by the respective Merchant Discount Rates chargeable depending on the card type and business type (if applicable)
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Trade Marks”	the trademarks that are owned and/or registered by AEON Co in Macau and licensed to the Company pursuant to the Royalty Agreement from time to time
“Manuel Sales Draft”	a paper in a form provided by and at the cost of AEON Credit for use by the Company in place of Sales Draft if the Company experiences an EDC Terminal failure, telephone/ internet connection fault or disruption to power supply and cannot use Sales Draft as a consequence
“Mastercard”	Mastercard Incorporated
“Merchant Discount Amount”	applicable Merchant Discount Rate multiplied by the Transaction amount payable to the Company for the relevant Transaction

“Merchant Discount Rates”	discount rates ranging from 0.98% to 1.90%
“Multiple Category Store(s)”	<p>a retail store that:</p> <p>(i) has within itself at least two of the following three categories, with a wide selection of consumer merchandise within each category or department:</p> <p style="margin-left: 40px;">(a) clothing, shoes, and accessories;</p> <p style="margin-left: 40px;">(b) household goods and day to day items excluding subparagraphs (a) and (c) of this definition but including toiletries, cosmetics, electrical and electronic appliances and goods, tools and hardware, and houseware; and</p> <p style="margin-left: 40px;">(c) food items; and</p> <p>(ii) occupies Direct Sales Area (including areas licensed by the Company to separate stores that trade under their own name and on their own account) of more than 5,000 square meters</p>
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Trade Marks”	the trademarks that are owned and/or registered by AEON Co in the PRC and licensed to the Company pursuant to the Royalty Agreement from time to time
“Previous Card Acquiring Merchant Agreement”	the card acquiring merchant agreement dated 30 June 2021 entered into by the Company and AEON Credit
“Previous Royalty Agreement”	the technical assistance agreement dated 30 September 2021 entered into by the Company and AEON Co
“Royalty Agreement”	the technical assistance agreement dated 11 July 2024 conditionally entered into between the Company and AEON Co
“RMB”	renminbi, the lawful currency of the PRC
“Sales Draft”	a paper in a form provided by and at the cost of AEON Credit for use by the Company, whether or not produced by an EDC Terminal, for evidencing a receipt, purchase or hire of merchandise and/ or services by a Cardholder from the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time
“Special Supermarket Store(s)”	a store that sells food items as the store’s major merchandise and occupies Direct Sales Area of more than 500 square meters

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	Hong Kong and Macau
“Total of Revenue”	the aggregate of: <ul style="list-style-type: none"> (i) the total amount of the direct sales of the Company and its Affiliates; (ii) the total amount of the sales of the respective concessionaires of the Company and its Affiliates; and (iii) the total amount of licensee fees and rentals received by the Company and its Affiliates from licensees and sub-tenants of the Company and its Affiliates, <p>all attributable to the exclusive and non-exclusive rights granted by AEON Co to the Company to use the Trade Marks under the Royalty Agreement.</p> <p>For the avoidance of doubt, discounts, refunds/return of goods and sales or purchases taxes or levies shall not form part of any of the items (i) to (iii) above for the purpose of this definition</p>
“Trade Marks”	the Hong Kong Trade Marks, Macau Trade Marks and PRC Trade Marks
“Transaction”	the act of a Cardholder making purchase of such merchandise or services from the Company or its authorised agent which is initiated and concluded through the Cardholder Present Sale whereby payment thereof shall be charged to the Cardholder’s Card account
“Visa”	Visa Incorporated
“%”	per cent.

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

Hong Kong, 11 July 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.