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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 MASTER AGREEMENT

Reference is made to the announcement of the Company dated 22 February 2022 regarding the Previous GC Master Agreement in relation to the Company's sale of the AEON Stores Gift Certificates to AEON Credit which is due to expire on 28 February 2025.

The Board is pleased to announce that on 19 February 2025, the Company conditionally entered into the GC Master Agreement with AEON Credit to renew the Previous GC Master Agreement.

As at the date of this announcement, AEON Credit is a connected person of the Company by virtue of its being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the GC Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable percentage ratios in respect of the annual caps under the GC Master Agreement is more than 5%, the transactions contemplated under each of the GC Master Agreement 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 the GC Master Agreement 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 the GC Master Agreement.

A circular containing, among other things, (i) the details of the GC Master Agreement; (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 28 February 2025.

INTRODUCTION

Reference is made to the announcement of the Company dated 22 February 2022 regarding the Previous GC Master Agreement in relation to the Company's sale of the AEON Stores Gift Certificates to AEON Credit which is due to expire on 28 February 2025.

The Board is pleased to announce that on 19 February 2025, the Company conditionally entered into the GC Master Agreement with AEON Credit to renew the Previous GC Master Agreement.

TERMS OF THE GC MASTER AGREEMENT

The principal terms of the GC Master Agreement are as follows:

Date

19 February 2025

Parties

- (i) the Company (as seller); and
- (ii) AEON Credit (as purchaser).

Nature of Transactions

AEON Credit may from time to time place purchase orders with the Company for the AEON Stores Gift Certificates. Upon acceptance of the order and receipt of payment, the Company will issue the AEON Stores Gift Certificates in such quantity corresponding to the amount of payment received from AEON Credit. Upon collection by AEON Credit, the AEON Stores Gift Certificates shall be non-returnable, non-refundable and non-exchangeable for cash.

Pricing

The AEON Stores Gift Certificates shall be sold by the Company to AEON Credit at face value less the applicable tier discount rate, ranging from 2% to 5%, and in accordance with the annual accumulated purchase amount in each contract year, being each period of 12 months commencing either on the Effective Date or subsequent anniversary thereof. The tier discount rate has been determined after arm's length negotiations with AEON Credit, after taking into account the Company's similar arrangements and agreements (in particular the tier discount rate thereunder) in providing the AEON Stores Gift Certificates to the Company's other business partners who are also offering the AEON Stores Gift Certificates to their customers for redemption with an aim to increase the attractiveness of the AEON Stores Gift Certificates

and to provide incentive for AEON Credit to enhance the redemption of the AEON Stores Gift Certificates by its customers and cardholders.

Non-exclusivity

The Company or AEON Credit shall not be prohibited or restricted from selling, purchasing, giving or receiving the AEON Stores Gift Certificates to or from any third party during the term of the GC Master Agreement or after its termination.

Duration

Subject to the fulfilment of the Condition Precedents, the term of the GC Master Agreement shall be a period of three years commencing on the Effective Date, i.e. from 1 March 2025 to 29 February 2028. The parties to the GC Master Agreement may, subject to compliance with the Listing Rules, renew the GC Master Agreement. If the Condition Precedents have not been fulfilled as certified by the respective party, the GC Master Agreement shall immediately terminate and the parties shall have no claims thereunder save as to any antecedent breach.

Effective Date

1 March 2025 whereas sale of the AEON Stores Gift Certificates will only be made after fulfillment of the Condition Precedent.

Termination

Either party may terminate the GC Master Agreement by giving not less than ninety (90) days' prior written notice to the other party.

THE CAP AMOUNT

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

Financial Year/Period	Annual cap HK\$ million
1 March to 31 December 2025	22.0
1 January to 31 December 2026	31.0
1 January to 31 December 2027	34.0
1 January to 29 February 2028	6.0

In arriving at the above annual caps, the Directors have taken into account (i) the newly adopted tier discount rates in the GC Master Agreement (while the AEON Stores Gift Certificates were sold to AEON Credit at its face value without discount pursuant to the Previous GC Master Agreement) enabling AEON Credit to offer more attractive and wider variety of redemption terms for its customers and cardholders to redeem the AEON Stores Gift Certificates and (ii) AEON Credit's proposed annual caps regarding its purchases of AEON Stores Gift Certificates in the next three years. Since AEON Credit, being the purchaser, is in a better position than the

Company in assessing its needs of the AEON Stores Gift Certificates, AEON Credit's proposed annual caps is thus regarded as AEON Credit's estimated maximum purchase amounts for the period from 1 March 2025 to 29 February 2028. Adjustments and buffer have been made to cater for the difference in financial year of the Company and AEON Credits. The Directors placed less weight on the historical transaction amounts under the Previous GC Master Agreement, which might have been affected by factors like pandemic, but could be served as a general reference as to the minimum level of purchases in the next three years. Since the purchase of the AEON Stores Gift Certificates is initiated, and controlled, by AEON Credit and with the adoption of the tier discount rates, more weight should be given to AEON Credit's proposed annual caps for the GC Master Agreement..

Historical transaction amount paid by the Company under the Previous GC Master Agreement:

Financial Year / Period	Annual Cap under Previous GC Master Agreement (<i>HK\$ million</i>)	Actual transaction amount (<i>HK\$ million</i>)
1 March 2022 – 31 December 2022	13.8	10.8
1 January 2023 – 31 December 2023	16.5	13.7
1 January 2024 – 31 December 2024	16.5	10.9

REASONS FOR AND BENEFITS OF THE GC MASTER AGREEMENT

The Company believes that the entering into of the GC Master Agreement for the sale of the AEON Stores Gift Certificates will help advertise and promote the brand and business of the Group, achieve more sales by reaching more customers and hence increase revenue of the Group. The provision of discount to AEON Credit may increase the attractiveness of AEON Stores Gift Certificates and the incentive for AEON Credit to enhance the redemption of the AEON Stores Gift Certificates by its customers and cardholders.

The terms of the Master Agreement have been reached after arm's length negotiations between the Company and AEON Credit. 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) entering into of the GC Master Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the GC Master 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 GC Master 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 GC Master Agreement. 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 GC Master Agreement to ensure they are conducted within the frameworks and the annual caps of the GC Master Agreement. Where necessary, the Connected Party Transaction Panel will conduct biannual review of the transactions under the GC Master Agreement to ensure the transactions are conducted within the framework of the GC Master Agreement and monitor the utilisation of the annual caps for the GC Master Agreement to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

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

AEON Co, the controlling shareholder of the Company, 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.

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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AEON Credit is a connected person of the Company by virtue of its being a subsidiary of AEON Co, the controlling shareholder of the Company. Accordingly, the transactions contemplated under the GC Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable percentage ratios in respect of the annual caps under the GC Master Agreement is more than 5%, the transactions contemplated under each of the GC Master Agreement 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 GC Master Agreement and the annual caps of the transactions contemplated

thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, 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 GC Master Agreement; (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 28 February 2025.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the GC Master Agreement. In view of AEON Co's interests in the GC Master Agreement, 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 GC Master Agreement and the annual caps of the transactions contemplated thereunder. Mr. Toshiya Goto, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Hiroyuki Inohara, Mr. Kenji Fujita and Mr. Yasutoshi Yokochi are shareholders, employees or ex-employees of AEON Co and are regarded as potentially having a material interest in the GC Master Agreement. Accordingly, they have accordingly abstained from voting on the relevant resolutions at the Board meeting convened to consider the GC Master Agreement. For the same reason, 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.

DEFINITIONS

In this announcement, the following expressions have the respective meanings set out below 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) Co., Ltd., a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange (Stock code: 900), which is a subsidiary of AEON Co

“AEON Stores Gift Certificates”	the cash certificates issued by the Company, either in printed form or in electronic format, with its value and expiry date marked thereon and readily accepted by the Company as cash equivalents for settling transactions in its stores within its validity of one (1) to two (2) years from issuance and subject to such conditions printed thereon, which may be amended by the Company from time to time in its sole and absolute discretion
“Board”	the board of Directors of the Company
“Cap”	the maximum aggregate annual value of the fees payable to the Company by AEON Credit pursuant to the GC Master Agreement
“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
“Condition Precedents”	in respect of the GC Master Agreement, the approval by the Company’s Independent Shareholders and compliance with all applicable requirements under the Listing Rules by the relevant parties to the GC Master Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	1 March 2025 or a date after fulfillment of the Condition Precedent and mutually agreed to by the parties in writing
“EGM”	the extraordinary general meeting of Shareholders to be held to consider resolutions relating to the GC Master Agreement and the transactions contemplated thereunder and any adjournment of such EGM
“GC Master Agreement”	the Master Agreement – Gift Certificate conditionally entered into between the Company and AEON Credit on 19 February 2025
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, 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 transactions contemplated under the GC Master Agreement

“Independent Shareholders”	Shareholders other than those who have a material interest in the GC Master Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region, PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Previous GC Master Agreement”	the Master Agreement – Gift Certificate entered into between the Company and ACSA on 22 February 2022
“Shareholder(s)”	registered holders of the Shares from time to time
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 19 February 2025

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.