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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 ATV CHINA MASTER SERVICE AGREEMENT

AND

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER LICENCE AGREEMENT AND THE MASTER SERVICE AGREEMENT TO INCLUDE THE ATV CHINA MASTER SERVICE AGREEMENT

The ATV China Master Service Agreement

Reference is made to the announcement of the Company dated 1 April 2025 in relation to, among other things, the Master Licence Agreement and the Master Service Agreement entered into by the Company and ATV Japan. Pursuant to the Master Service Agreement, the ATV Japan Group shall provide the Services to the Group, and the relevant member of the Group shall pay to the relevant member of the ATV Japan Group a service fee equivalent to 3.0% of the purchase costs of the ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Group.

Due to recent geopolitical risks and other factors as further elaborated below, the Company and ATV China (being a wholly-owned subsidiary of ATV Japan) further discussed and agreed that transactions between the ATV China Group and the Group shall be subject to different pricing terms from the Master Service Agreement. As a result, on 30 May 2025, the Company and ATV China separately entered into the ATV China Master Service Agreement which shall govern the provision of Services by the ATV China Group to the Group with effect from 1 June 2025.

Revision of Annual Caps under the Master Licence Agreement and the Master Service Agreement to Include the ATV China Master Service Agreement

In light of the entering into of the ATV China Master Service Agreement, the Directors revised the Original Annual Caps to the Combined Annual Caps, which (i) exclude the estimated maximum amount payable by the Group to the ATV China Group under the Master Licence Agreement and the Master Service Agreement, which is now represented by the ATV China Proposed Annual Caps, but (ii) include the ATV China Proposed Annual Caps.

Listing Rules Implications

As at the date of this announcement, each of ATV Japan, ATV China and AEON Co is a connected person of the Company by virtue of AEON Co being the controlling shareholder of the Company, and ATV Japan and ATV China being subsidiaries of AEON Co. Accordingly, the transactions contemplated under the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Combined Annual Caps is more than 5%, the transactions contemplated under the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service 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 Combined Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An independent financial adviser will be 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 Combined Annual Caps.

A circular containing, among other things, (i) the details of the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement; (ii) the letter from the Independent Board Committee; (iii) the letter from an 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 27 June 2025 as the Company expects that additional time will be required to prepare and finalize all information in the circular.

INTRODUCTION

Reference is made to the announcement of the Company dated 1 April 2025 in relation to, among other things, the Master Licence Agreement and the Master Service Agreement entered into by the Company and ATV Japan. Pursuant to the Master Service Agreement, the ATV Japan Group shall provide the Services to the Group, and the relevant member of the Group shall pay to the relevant member of the ATV Japan Group a service fee equivalent to 3.0% of the purchase costs of the ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Group.

The recent geopolitical risks faced by the PRC, in particular the rapidly changing tariffs imposed by the U.S. on the PRC, are adversely affecting manufacturers and related business operators who are serving and supporting them in the PRC. In addition, the geographical coverage of the services provided by the ATV Japan Group to the Group in the PRC (through the ATV China Group) is wider than that in Japan, due to the difference in the geographical size of the regions. Taking into account the impact of the aforesaid geopolitical risks on the supply of the ATV China Products, as well as the wider coverage of services provided by the ATV China Group compared with other members of the ATV Japan Group, the Company and ATV China further discussed and agreed that transactions between the ATV China Group and the Group shall be subject to different pricing terms from the Master Service Agreement.

As a result, on 30 May 2025, the Company and ATV China separately entered into the ATV China Master Service Agreement which shall govern the provision of the China Services by the ATV China Group to the Group with effect from 1 June 2025.

The ATV China Master Service Agreement

The principal terms of the ATV China Master Service Agreement are as follows:

Date:	30 May 2025
Parties:	the Company; and ATV China
Term:	The ATV China Master Service Agreement shall take effect from 1 June 2025 and up to 31 December 2027.
Nature of transactions:	ATV China agrees to provide (and/or procure other members of the ATV China Group to provide) the China Services to the members of the Group. The transactions under the ATV China Master Service Agreement will be on normal commercial terms, on an arm's length basis and on terms not less favourable to which the members of the Group procure such China Services from independent third parties, or to which members of the ATV China Group provide such China Services to other parties.

Service fee: Due to the different geographical size of Hong Kong and the PRC, the service fee payable by the Company and the PRC Subsidiaries to the ATV China Group are different, as set out below:

1. As between ATV China and the Company, in respect of the ATV China Products, 3% of the amount of purchase costs of the ATV China Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Company.
2. As between ATV China and the PRC Subsidiaries,
 - (a) in respect of the ATV China Products, 4% of the amount of purchase costs of the ATV China Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the PRC Subsidiaries;
 - (b) in respect of the Japan ATV Products (manufactured in the PRC or Southeast Asia, including clothing, home and leisure products), 6.8% of the amount of purchase costs of the Japan ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the PRC Subsidiaries; and
 - (c) in respect of the Japan ATV Products (manufactured in Japan including food, health beauty and care and the non-food section supermarket products), 4.8% of the amount of purchase costs of the Japan ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the PRC Subsidiaries.

The Service The ATV China Group shall provide to the Group the following services (the “**China Services**”), according to the actual needs as the parties may mutually agree, and shall be entitled to exercise control including the following:

Quality control internal sales development work details

- 1) Factory inspection, code of conduct audit, certificate issuance work
- 2) Initial production attendance (food), pre-shipment inspection (health, beauty and care, clothing and other items)
- 3) Existing factory check function, production management.
- 4) Customer service work, complaint cause investigation response

- 5) Product inspection & annual inspection arrangement
- 6) Start application, delivery judgment document check and payment
- 7) Other (sharing of legal revision information with the development department) when revisions are announced

Transaction management internal sales development work details

- 1) New supplier credit investigation (planning investigation) information provision and risk presentation
- 2) Confirmation of supplier contract contents, submission of office automation application and management of contract/manufacture materials
- 3) Confirmation and application of new product registration
- 4) Product master management
- 5) Implementation of ordering recommendations and collection/summary of order quantities from each company
- 6) Ordering and delivery management to manufacturers
- 7) Billing for product prices to business companies
- 8) Checking product prices with manufacturers and applying for payment
- 9) Organizing and submitting sales data
- 10) Calculation of related party transaction -related expenses and submission of figures (licence fee + service fee + development cost)
- 11) Calculation of licence fee for Japan
- 12) Confirmation, control and payment application for trunk line logistics expenses
- 13) Change and update of estimates according to changes in development work
- 14) Handling of south China related party transaction-related work
- 15) Delivery expansion to new business companies

Historical transaction amounts and annual caps

The Directors estimate that the maximum amount payable by the Company to the ATV China Group under the Master Licence Agreement (to the extent that fees are payable to ATV China Group) and the ATV China Master Service Agreement during its term will not exceed the ATV China Proposed Annual Caps below:

Financial Year	ATV China Proposed Annual Caps <i>HK\$ million</i>
1 June 2025 to 31 December 2025	4.9
1 January 2026 to 31 December 2026	8.9
1 January 2027 to 31 December 2027	11.9

In arriving at the ATV China Proposed Annual Caps, the Directors have taken into account (i) historical transaction amounts with the ATV China Group under the Previous Master Trademark Licence Agreement as set out below; (ii) the availability and the development pace of such ATV China Products which may be obtained by the Group from manufacturers and suppliers independent of ATV Japan, AEON Co, its subsidiaries and associates; (iii) the Group's plans for ATV China Products procurement; and (iv) the expected business growth of the Group. Taking into account the above, the Directors (excluding the independent non-executive Directors whose view will be set out in the circular to be issued by the Company) consider that the ATV China Proposed Annual Caps are fair and reasonable.

Historical transaction amounts paid by the Company to the ATV China Group under the Previous Master Trademark Licence Agreement are set out below:

Financial Year	Actual Transaction Amounts <i>HK\$ million</i>
1 January 2022 – 31 December 2022	6.5
1 January 2023 – 31 December 2023	5.4
1 January 2024 – 31 December 2024	5.3

In light of the entering into of the ATV China Master Service Agreement, the Original Annual Caps for the Master Licence Agreement and the Master Service Agreement have been revised to exclude the estimated maximum amount of payable by the Group to the ATV China Group. The Revised Annual Caps, which only represent transactions under the Master Licence Agreement (to the extent that fees are payable to ATV Japan Group excluding ATV China Group) and the Master Service Agreement but not the ATV China Master Service Agreement, are set out below:

Financial Year	Original Annual Caps <i>HK\$ million</i>	Revised Annual Caps <i>HK\$ million</i>
1 January 2025 to 31 December 2025	7.4	5.7 ^(Note)
1 January 2026 to 31 December 2026	9.1	6.8
1 January 2027 to 31 December 2027	11.7	8.9

Note:

This amount is inclusive of the Group's transactions with the ATV Japan Group, including ATV China Group, (i) under the Supplemental Master Trademark Licence Agreement for the period from 1 January 2025 to 28 February 2025 and (ii) under the Master Licence Agreement and the Master Service Agreement for the period from 1 March 2025 to 31 May 2025.

The Combined Annual Caps representing all transactions under the Supplemental Master Trademark Licence Agreement, the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement are set out below:

Financial Year	Combined Annual Caps <i>HK\$ million</i>
1 January 2025 to 31 December 2025	14.2 ^(Note)
1 January 2026 to 31 December 2026	15.7 ^(Note)
1 January 2027 to 31 December 2027	20.8 ^(Note)

Note:

In the event that Independent Shareholders' approval is not obtained at the EGM for the Combined Annual Caps, the maximum amount payable by the Company to the ATV Japan Group/ ATV China Group under the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement in aggregate for each of the three years ending 31 December 2027 shall not exceed HK\$10 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ATV CHINA MASTER SERVICE AGREEMENT

Since 2019, through the Previous Master Trademark Licence Agreement, the Master Licence Agreement and the Master Service Agreement, the Group has been granted the non-exclusive right and licence to use the TopValu Trademarks and has been purchasing the ATV China Products directly from the manufacturers and suppliers independent of ATV Japan, AEON Co, its subsidiaries and associates. Such ATV China Products would then be sold by the Group to its customers at its retail stores. In order to avoid any disruption to the business operations of the Group, the Company and ATV China agreed to continue to provide the services relating to the ATV China Products to the Group by entering into the ATV China Master Service Agreement on different pricing terms from the Master Service Agreement. The terms of the ATV China Master Service Agreement have been reached after arm's length negotiations between the Company and ATV China.

The Directors (in respect of the ATV China Proposed Annual Caps and the Combined Annual Caps, 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 terms of the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement, as well as the transactions contemplated thereunder (including the ATV China Proposed Annual Caps and the Combined Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the entering into of the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement are in the ordinary and usual course of the business of the Company and in the interest of the Company and its Shareholders as a whole.

INTERNAL CONTROL

As part of the Group's internal control systems, the Company's connected party transaction panel, comprising administration general manager, corporate planning senior managers, finance managers, legal senior managers and the finance/administration general managers of two subsidiaries of the Company, will assist the Directors to review and monitor all continuing connected transactions of the Group including the transactions under the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service 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 the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement to ensure they are conducted within the frameworks and the ATV China Proposed Annual Caps and the Combined Annual Caps. Where necessary, the connected party transaction panel will conduct biannual review of the transactions under the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement to ensure the transactions are conducted within the framework of the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement and monitor the utilisation of the annual caps for the ATV China Master Service Agreement, the Master Licence Agreement and the Master Service Agreement 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.

ATV Japan is principally engaged in the development, procurement and supply of a variety of merchandise, including fashion, household and food items. 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.

ATV China is a wholly-owned subsidiary of ATV Japan.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, each of ATV Japan, ATV China and AEON Co is a connected person of the Company by virtue of AEON Co being the controlling shareholder of the Company, and ATV Japan and ATV China being subsidiaries of AEON Co. Accordingly, the transactions contemplated under the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Combined Annual Caps is more than 5%, the transactions contemplated under the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service 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 Combined Annual Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

An independent financial adviser will be 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 Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement; (ii) the letter from the Independent Board Committee; (iii) the letter from an 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 27 June 2025 as the Company expects that additional time will be required to prepare and finalize all information in the circular.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Combined Annual Caps for the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement. In view of AEON Co's interests in the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service 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 Combined Annual Caps. 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 Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement. Accordingly, they have abstained from voting on the relevant resolutions at the Board meetings convened to consider the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service 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 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 GD”	廣東永旺天河城商業有限公司 (Guangdong AEON Teem Stores Co., Ltd.), a company incorporated in the PRC and owned as to 65% by the Company
“AEON Group”	AEON Co and its subsidiaries
“ASC”	永旺華南商業有限公司 (AEON South China Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“ATV China”	永旺特慧優國際貿易(上海)有限公司, a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of ATV Japan
“ATV China Group”	ATV China and its subsidiaries
“ATV China Master Service Agreement”	the ATV China master service agreement dated 30 May 2025 entered into by the Company and ATV China
“ATV China Products”	the ATV Products planned by ATV China in the PRC
“ATV China Proposed Annual Caps”	the proposed annual caps in the amount of HK\$4.9 million, HK\$8.9 million and HK\$11.9 million for the period from 1 June 2025 to 31 December 2025 and each of the two years ending 31 December 2027, respectively, for the transactions contemplated under the Master Licence Agreement (to the extent that fees are payable to ATV China Group) and the ATV China Master Service Agreement
“ATV Japan”	AEON TopValu Co., Ltd., a company incorporated in Japan with limited liability
“ATV Japan Group”	ATV Japan and its subsidiaries
“ATV Products”	the products which are developed as AEON Co and/or its subsidiaries’ private brand merchandises and bear one or more TopValu Trademarks
“Board”	the board of Directors
“China Services”	as defined in the paragraph headed “The ATV China Master Service Agreement – The Service” in this announcement
“Combined Annual Caps”	the ATV China Proposed Annual Caps, together with the Revised Annual Caps

“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)
“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
“EGM”	the extraordinary general meeting of Shareholders to be held to consider resolutions relating to the Combined Annual Caps 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
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling
“Independent Shareholders”	Shareholders other than those who have a material interest in the Master Licence Agreement, the Master Service Agreement and the ATV China Master Service Agreement
“Japan ATV Products”	the ATV Products planned by AEON Co and/or its subsidiaries in Japan
“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
“Master Licence Agreement”	the master licence agreement dated 1 April 2025 entered into by the Company and ATV Japan
“Master Service Agreement”	the master service agreement dated 1 April 2025 entered into by the Company and ATV Japan
“Original Annual Caps”	the original proposed annual caps in the amount of HK\$7.4 million, HK\$9.1 million and HK\$11.7 million for each of the three years ending 31 December 2027, respectively, for the transactions contemplated under the Master Licence Agreement and the Master Service Agreement
“PRC Subsidiaries”	AEON GD and ASC
“Previous Master Trademark Licence Agreement”	the master trademark licence agreement dated 30 June 2021 entered into by the Company and ATV Japan

“Revised Annual Caps”	the revised proposed annual caps in the amount of HK\$5.7 million, HK\$6.8 million and HK\$8.9 million for each of the three years ending 31 December 2027, respectively, for the transactions contemplated under the Master Licence Agreement (to the extent that fees are payable to ATV Japan Group excluding ATV China Group) and the Master Service Agreement
“Services”	as defined in the paragraph headed “The Master Licence Agreement and the Master Service Agreement –Master Service Agreement – The Service” in the announcement of the Company dated 1 April 2025
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Trademark Licence Agreement”	the short term agreement dated 31 December 2024 entered into by the Company and ATV Japan
“TopValu Trademarks”	trademarks and logos owned by AEON Co and licensed to members of the Group from time to time pursuant to the Previous Master Trademark Licence Agreement, the Supplemental Master Trademark Licence Agreement and the Master Licence Agreement
“%”	per cent.

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

Hong Kong, 30 May 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 and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling.