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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 RENEWAL OF PREVIOUS AGREEMENTS

Reference is made to the Announcements. The Board is pleased to announce that on 30 June 2021, 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 the AEON Credit to the Company;
- the Master Services Agreement with AEON Delight to renew the Previous Master Services Agreement which will expire on 31 December 2021; and
- the Master Trademark Licence Agreement with TopV to renew the Previous Master Trademark Licence Agreement which will expire on 31 December 2021.

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

As the transactions under the Card Acquiring Merchant Agreement and the 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 respective annual cap under each of the Master Services Agreement and the Master Trademark License 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 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 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 19 July 2021.

INTRODUCTION

Reference is made to the Announcements. The Board is pleased to announce that on 30 June 2021, 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 the AEON Credit to the Company;
- the Master Services Agreement with AEON Delight to renew the Previous Master Services Agreement which will expire on 31 December 2021; and
- the Master Trademark Licence Agreement with TopV to renew the Previous Master Trademark Licence Agreement which will expire on 31 December 2021.

THE CARD ACQUIRING MERCHANT AGREEMENT

Reference is made to the Master Agreement Announcement. Under the Master Agreement, AEON Credit provides 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.

At the same time, the Company has been engaging a third party service provider 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.

With a view to explore the possibility of lowering the costs of card acquiring services, the Company invited four service providers, including AEON Credit, the existing independent service provider 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 migrate the said card acquiring services to be provided by AEON Credit solely, subject to transition and on a non-

exclusive basis. On 30 June 2021, 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 the Card Acquiring Merchant Agreement shall be without prejudice to the validity of, the continuing connected transactions governed by, the Master Agreement. Whilst the 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 : 30 June 2021
- Parties : (a) the Company; and
(b) AEON Credit
- Term : Subject to fulfilment of the Condition Precedents, the term of the Card Acquiring Merchant Agreement shall commence on 16 August 2021 or a date after approval of the Card Acquiring Merchant Agreement by the independent Shareholders, whichever is later, 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.
- Payment : In respect of each completed Transaction using a Card issued by entities other than AEON Credit, AEON Credit shall pay to the Company the amount of each Transaction less the applicable Merchant Discount Amount 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.
- Disputes and Chargeback : 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.

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 to indemnify AEON Credit against all claims, and to hold AEON Credit harmless from all costs, losses and liability resulting from such disputes and suffered by AEON Credit, provided that there is no fault or delay on the part of AEON Credit contributing to the loss or claim.

Termination : 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; and (iii) fraudulent activity or, dishonest or money laundering or other illegal activities; or if the other party discontinues 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. 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.

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 to 31 December 2021	10.6
1 January to 31 December 2022	21.8
1 January to 31 December 2023	23.2
1 January to 15 August 2024	12.2

In arriving at the above annual caps, the Directors have taken into account (i) the historical transaction amounts of customers' card payments through the card acquiring services provided by a third party service provider and relevant charges paid to the third party service provider as set out below; (ii) the Company's expected business growth generally and from expansion of store network; (iii) the increase in the volume of the relevant transactions of customers' card payments (excluding card payments pursuant to the Master Agreement); and (vi) potential increase in card acquisition

transaction amount resulting from, among other things, sales or card promotions, which in turn might lead to higher card charges payable to AEON Credit.

Historical transaction amount:	Financial Year	Transaction amounts of customers' card payment <i>HK\$ million</i>	Charges paid to independent third party service provider <i>HK\$ million</i>
	1 January to 31 December 2019	1,297.3	19.7
	1 January to 31 December 2020	1,368.6	20.5

THE MASTER SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 11 December 2018 in relation to the Previous Master Services Agreement. On 30 June 2021, the Company and AEON Delight have conditionally entered into the Master Services Agreement to renew the Previous Master Services Agreement which will expire on 31 December 2021.

Principal terms

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

Date	: 30 June 2021
Parties	: (a) the Company; and (b) AEON Delight
Term	: Subject to the fulfilment of the Condition Precedents, the term of the Master Services Agreement shall be a period of three years commencing on 1 January 2022 and expiring on 31 December 2024 unless terminated earlier in accordance with the terms of the Master Services Agreement. If the Condition Precedents have not been fulfilled as certified by the respective party, the Master Services Agreement shall immediately terminate and the parties shall have no claims thereunder save as to any antecedent breach.

- Provision of services : Pursuant to the Master Services Agreement, where a member of the AEON Delight Group is selected through relevant procurement process to provide the Services, the Company and/or the relevant member of the Group and the relevant member of the AEON Delight Group may from time to time (and AEON Delight shall procure such member of the AEON Delight Group to) enter into separate contracts setting out the detailed terms under which the relevant member of the AEON Delight Group shall provide, or procure to be provided, the Services to the Company and/or the relevant member of the Group. Such terms shall be on normal commercial terms, on an arm's length basis and are on terms not less favourable to which the Company and/or the relevant member of the Group procures the Services from independent third parties.
- Subcontracting and procurement of services : In fulfilling its obligations under any separate contracts entered into pursuant to this Agreement, the relevant member of the AEON Delight Group shall not subcontract to or procure the provision of the Services by any third party unless such member of the AEON Delight Group shall have first obtained the prior written consent of the Company and/or the relevant member of the Group, and provided that such third party shall be required to render such Services in accordance with all the terms of this Agreement and the relevant separate contract, and such member of the AEON Delight Group shall remain primarily liable for the performance of its obligations hereunder.
- The transaction amount and annual cap : The Directors estimate that the maximum amount payable by the Company to AEON Delight relating to the Master Services Agreement on an annual basis will not exceed the annual caps below:

Financial Year/Period	Annual cap <i>RMB million</i>
1 January to 31 December 2022	40.5
1 January to 31 December 2023	49.5
1 January to 31 December 2024	54.7

In arriving at the above annual caps, the Directors have taken into account (i) historical transaction amounts under the Previous Master Services Agreement for the two years ended 31 December 2020 as set out below; (ii) the expected business growth of the Group (including the opening of new stores) and based on the assumption that AEON Delight will win relevant tenders and be selected for the provision of certain Services for existing and new stores. Taking into account the above, the Directors consider that the annual caps for the Master Services Agreement are fair and reasonable. The Directors consider that the historical transaction amounts for the Previous Master Services Agreement is only one of the factors in arriving at the proposed annual caps for the Master

Services Agreement. The other factors such as AEON Delight winning the tenders and the Group's expected business growth take a heavier weight in the process of determining the proposed annual caps.

Historical transaction amounts under Previous Master Services Agreement:	Financial Year	Annual Cap under Previous Master Services Agreement <i>RMB million</i>	Actual Transaction Amount <i>RMB million</i>	Utilization Rate of Annual Cap
	1 January to 31 December 2019	45	29.2	64.89%
	1 January to 31 December 2020	45	27.4	60.89%

Procurement Process

In relation to the procurement process, the relevant members of the Group may, in their sole and absolute discretion, invite the AEON Delight Group to tender to provide certain Services. If the AEON Delight Group is invited to tender, the relevant member of the Group will also invite quotations or tenders from at least two other independent third party suppliers for such Services. The management of the relevant member of the Group will then compare the quotations offered by the respective bidders and conduct an assessment, taking into account factors such as their background and reputation, any existing business relationship with such bidders, the price, scope and quality of services offered by the bidders.

After considering the abovementioned factors, the management of the relevant member of the Group will then decide on which bidder to engage and enter into a services contract with for the provision of Services. By implementing the above methods and procedures, the Directors consider that the Company has implemented sufficient measures to ensure that the transactions under the Master Services Agreement will be conducted on normal commercial terms or terms not less favourable to which the relevant members of the Group procures from independent third parties.

THE MASTER TRADEMARK LICENCE AGREEMENT

Reference is made to the announcement of the Company dated 31 December 2018 in relation to the Previous Master Trademark Licence Agreement. On 30 June 2021, the Company and AEON have conditionally entered into the Master Trademark Licence Agreement to renew the Previous Master Trademark Licence Agreement which will expire on 31 December 2021.

Principal terms

The principal terms of the Master Trademark Licence Agreement are as follows:

- Date : 30 June 2021
- Parties : (a) the Company; and
(b) TopV
- Term : Subject to the fulfilment of the Condition Precedents, the term of the Master Trademark Licence Agreement shall be a period of three years commencing on 1 January 2022 and expiring on 31 December 2024 unless terminated earlier in accordance with the terms of the Master Trademark Licence Agreement. If the Condition Precedents have not been fulfilled as certified by the respective party, the Master Trademark Licence Agreement shall immediately terminate and the parties shall have no claims thereunder save as to any antecedent breach.
- Nature of transactions : Pursuant to the Master Trademark Licence Agreement, TopV agreed to (i) grant (and/or procure other members of the TopV Group to grant) to members of the Group the licence to use the TopValu Trademarks and (ii) provide (and/or procure other members of the TopV Group to provide) the ancillary services to the members of the Group on the terms set out in the Master Trademark Licence Agreement. The transactions under the Master Trademark Licence 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 procures such services from independent third parties, or to which members of the TopV Group provides such services to other parties.
- Licence fee : In consideration to the grant of the licence to use the TopValu Trademarks and the ancillary services set out below, the relevant member of the Group shall pay to the relevant member of the TopV Group a licence fee equivalent to 7% of the amount of purchase costs of the TopV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Group. A default interest of 1% per annum on any overdue amount shall be payable for the period from the original due date to the date of payment in full.

Trademarks licence : The Group shall be granted the non-exclusive right and licence to use the TopValu Trademarks in the Territory for the purpose of or in connection with the Business, including but not limited to applying or otherwise using the TopValu Trademarks (or procuring the TopValu Trademarks to be applied) on the products supplied by manufacturers or suppliers to the Group and the marketing, sale and promotional materials in connection with the Business. Members of the TopV Group shall enter into specific licencing agreements with the relevant members of the Group, which adopt the terms and conditions set out in the Master Trademark Licence Agreement and sets out the detailed terms, including but not limited to the arrangements relating to payment of the licence fee.

Ancillary services and control : In addition to the granting of the licence to use the TopValu Trademarks, the TopV Group shall provide to the Group ancillary services and shall be entitled to exercise control including the following:

- (a) conduct market research, planning and development of products;
- (b) establish product specifications;
- (c) provide to members of the Group with information on product specifications, product cost and related expenses;
- (d) manage production and conduct quality control on products;
- (e) provide information on promotion; and
- (f) any other services in connection with the above.

The Group shall obtain prior written approval from the relevant members of the TopV Group before outsourcing to any third party the manufacturing of the TopV Products. Other than consumers, the Group shall not sell the TopV Products to any third party other than those designated by the TopV Group.

Termination : The Master Trademark Licence Agreement may be terminated by a party by 90 days' prior written notice to the other party. On termination, any accrued rights and obligations of the parties under the Master Trademark Licence Agreement shall not be affected.

The transaction amount and annual cap : The Directors estimate that the maximum amount payable by the Company to TopV relating to the Master Trademark Licence Agreement on an annual basis will not exceed the annual caps below:

Financial Year/Period	Annual cap HK\$ million
1 January to 31 December 2022	32.7
1 January to 31 December 2023	41.8
1 January to 31 December 2024	53.7

In arriving at the above annual caps, the Directors have taken into account (i) historical transaction amounts under the Previous Master Trademark Licence Agreement for the two years ended 31 December 2020 as set out below; (ii) the historical growth in the retail business of the Group; (iii) the expected growth of the Group's business and the expected volume and costs of the Group's purchase of products which bear the Topvalu Trademarks; (iv) potential further increase of the purchase depending on the Group's business expansion plans and operational needs from time to time; and (v) the possibility of appreciation of the RMB. Taking into account the above, the Directors consider that the annual caps for the Master Trademark Licence Agreement are fair and reasonable. The Directors consider that the historical transaction amounts for the Previous Master Trademark Licence Agreement is only one of the factors in arriving at the proposed annual caps for the Master Trademark Licence Agreement. The other factors such as the Group's business expansion plans and need for Topvalu products take a heavier weight in the process of determining the proposed annual caps.

Historical transaction amounts under Previous Master Trademark Licence Agreement:	Financial Year	Annual Cap under Previous Trademark Licence Agreement RMB million	Actual Transaction Amount RMB million	Utilization Rate of Annual Cap
	1 January to 31 December 2019	20	9.2	46%
	1 January to 31 December 2020	28	12.3	43.93%

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 four services providers, including AEON Credit and three 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 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 Master Services Agreement

The Group currently operates general merchandise stores and a shopping mall in Hong Kong and Guangdong Province of the PRC which from time to time require the Services in its ordinary and usual course of business. The Group selects providers for such Services with reference to prevailing market conditions and where appropriate, based on a procurement process conducted at arm's length basis, and make their selection based on normal commercial considerations.

Pursuant to the Previous Master Services Agreement, the Group has procured such services from members of the AEON Delight Group. The Previous Master Services Agreement will expire on 31 December 2021. The Directors consider that the continued engagement of members of the AEON Delight Group to provide the Services in the ordinary and usual course of business, subject to members of the AEON Delight Group being selected under the Group's procurement process as described above, would allow the Group to import leading service knowhow from the AEON Delight Group, improve the Group's service quality to customers, enhance customer satisfaction when shopping at the Group's stores, reduce the Group's efforts in service alignment and enhance the Group's costs control and service level upgrading. The Directors are of the view that the entering into of the Master Services Agreement would continue to ensure certainty in the entering of any future transactions with the AEON Delight Group for the provision of Services and also reduce the compliance procedures for each such future transaction.

The terms of the Master Services Agreement have been agreed after arm's length negotiations between the Company and AEON Delight. 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 Master Services Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the Master Services 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 Master Services Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the Company's business.

The Master Trademark Licence Agreement

Pursuant to the Previous Master Trademark Licence Agreement, the Group has been granted the non-exclusive right and licence to use the TopValu Trademarks. The Previous Master Trademark Licence Agreement will expire on 31 December 2021. The Directors consider that the TopValu Trademarks, which are well known in Hong Kong and the PRC, are essential to the operations and success of the Group, and obtaining the licence to use the TopValu Trademarks by the Group on its TopV Products would enable the Group to have better control on the selections of its products as well as its manufacturers and suppliers as it will enable the Group to initiate product development and purchase orders based on its needs and targeted market in the Territory. As the Group will be working directly with its manufacturers and suppliers on the purchase orders, the Group will be able to build and expand on relationships with its manufacturers and suppliers. As a result, the Group may have better control and savings on the merchandise costs of the TopV Products and be able to further its business development in Hong Kong and the PRC. The Directors are of the view that it is in the interest of the Company and its Shareholders as a whole to continue obtaining non-exclusive right and licence to use the TopValu Trademarks by renewing the Previous Master Trademark Licence Agreement.

The terms of the Master Trademark Licence Agreement have been reached after arm's length negotiations between the Company and TopV. 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 Master Trademark Licence Agreement and the transactions contemplated thereunder are on normal commercial terms; (ii) the terms of the Master Trademark Licence 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 Master Trademark Licence 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 the administration director, finance general 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 each of the CCT Agreements. The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group. Whilst 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 each of the CCT Agreements to ensure they are conducted within the frameworks and the annual caps of the relevant CCT Agreements. Where necessary, the Connected Party Transaction Panel will conduct biannual review of the transactions under each CCT Agreement to ensure the transactions are conducted within the framework of the relevant CCT Agreement and monitor the utilization of the annual caps for the relevant CCT Agreement to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

INFORMATION OF 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. It is a subsidiary of AEON.

AEON Delight is principally engaged in business management and has been granted the rights to manage the business operations of its related and affiliated corporations in the PRC. Members of the AEON Delight Group is principally engaged in the comprehensive facility management services, including a wide range of facilities management, maintenance, consulting, cleaning, security, and material/supplies sourcing services. It is a subsidiary of AEON.

TopV 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.

IMPLICATIONS UNDER THE LISTING RULES

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

As the transactions under the Card Acquiring Merchant Agreement and the 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 respective annual cap under each of the Master Services Agreement and the Master Trademark Licence 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 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 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 19 July 2021.

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's interests in each of the CCT Agreements, AEON and its associates are required to abstain and shall abstain from voting on the ordinary resolutions to be proposed at the EGM to approve CCT Agreements and the relevant annual caps of the underlying transactions contemplated thereunder. Ms. Yuki Habu, Mr. Isei Nakagawa, Mr. Takenori Nagashima and Mr. Shinya Hisanaga are shareholders or ex-employees of AEON and are regarded as potentially having a material interest in the CCT Agreements, they have accordingly abstained from voting on the relevant resolutions at the Board meeting convened to consider the CCT Agreements. For the same reason, they will also 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”	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, the shares of which are listed on the Stock Exchange (stock code: 900)
“AEON Delight”	永旺永樂（中國）物業服務有限公司, a company with limited liability established under the laws of the PRC and an indirect non-wholly-owned subsidiary of AEON
“AEON Delight (Shanghai)”	永旺永樂（上海）企業管理有限公司, a company with limited liability established under the laws of the PRC and an indirect non-wholly-owned subsidiary of AEON
“AEON Delight Group”	AEON Delight, together with its PRC incorporated subsidiaries, related and affiliate corporations
“Announcements”	the Master Agreement Announcement, the announcement of the Company in relation to the Previous Master Services Agreement dated 11 December 2018, and the announcement of the Company in relation to the Previous Master Trademark Licence Agreement date 31 December 2018

“Board”	board of Directors
“Business”	the business of procuring and selling merchandise (including but not limited to fashion, food, and household products) to retail customers in the general merchandise stores and supermarket stores operated by the Group in Hong Kong and the PRC
“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 Association
“Card Acquiring Merchant Agreement”	the card acquiring merchant agreement entered into by the Company and AEON Credit in relation to card acquiring services provided by AEON on 30 June 2021
“Card Association”	Mastercard, Visa, CUP, JCB and/or 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, the Master Services Agreement, and the Master Trademark Licence 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
“Company”	AEON Stores (Hong Kong) Co., Limited (永旺 (香港) 百貨有限公司), 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”	approval of the relevant CCT Agreements by the Company’s independent Shareholders and compliance with all applicable requirements under the Listing Rules by the parties to the relevant CCT Agreements
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Credit Slip”	a paper in the form provided by and at the cost of AEON for use by the Company evidencing a monetary refund on a price adjustment or a monetary refund due to the cancellation of a Transaction by the Company and which refund is to be credited to the Cardholder’s Card account
“CUP”	China UnionPay Co., Limited
“Director(s)”	the directors of the Company
“EDC Terminal”	means 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 authorizations 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 authorization 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
“EGM Notice”	the notice in respect of the 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 Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty, Mr. Chow Chi Tong and Mr. Hideto Mizuno
“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 relevant CCT Agreement(s)
“JCB”	JCB International Co., Limited

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lowest Fee Rate”	the weighted average commission rate which is calculated based on the card acquisition amount processed by the existing independent service provider for 2019 and 2020 multiplied by the respective Merchant Discount Rates chargeable depending on the card type and business type (if applicable)
“Master Agreement”	the agreement dated 3 April 2020 entered into between the Company and AEON Credit in respect of certain commission payment transactions
“Master Agreement Announcement”	the announcement of the Company dated 3 April 2020 in relation to the Master Agreement
“Master Services Agreement”	the master services agreement conditionally entered into between the Company and AEON Delight on 30 June 2021
“Master Trademark Licence Agreement”	the Master Trademark Licence Agreement conditionally entered into between the Company and TopV on 30 June 2021
“Mastercard”	Mastercard Incorporated
“Merchant Discount Amount”	applicable Merchant Discount Rate multiples by the Transaction amount payable to the Company for the relevant Transaction
“Merchant Discount Rates”	discount rates ranging from 1.15% to 1.90%
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Agreements”	the Previous Master Services Agreement and the Previous Master Trademark Licence Agreement
“Previous Master Services Agreement”	the master services agreement entered into between the Company and AEON Delight (Shanghai) on 11 December 2018
“Previous Master Trademark Licence Agreement”	the Master Trademark Licence Agreement entered into between the Company and TopV on 31 December 2018
“RMB”	renminbi, the lawful currency of the PRC

“Services”	the services to be provided by the AEON Delight Group pursuant to the Master Services Agreement, including comprehensive building/facilities management, maintenance and cleaning services, management consultation, business services, research, development and production of computer hardware and software, data processing and such other services in relation to retail stores, offices and/or other facilities/establishments operated by the Group in Hong Kong, Macau and the PRC as may be agreed by the parties from time to time
“Shareholder(s)”	registered holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	Hong Kong and the PRC
“TopV”	AEON TopValu Co., Ltd., a company incorporated in Japan with limited liability
“TopV Group”	TopV and its subsidiaries
“TopV Products”	the products which are developed as AEON and its subsidiaries’ private brand merchandises and bear one or more TopValu Trademarks
“TopValu Trademarks”	trademarks and logos owned by AEON and licenced to members of the Group from time to time pursuant to the Master Trademark Licence Agreement
“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
Isei NAKAGAWA
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the Executive Directors are Mr. Isao Sugawara, Mr. Chak Kam Yuen, Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Isei Nakagawa, Ms. Yuki Habu and Mr. Makoto Fukuda; and the Independent Non-executive Directors are Ms. Chan Yi Jen Candi Anna, Ms. Lo Miu Sheung, Betty, Mr. Chow Chi Tong and Mr. Hideto Mizuno.