THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **AEON Stores (Hong Kong) Co., Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

MAJOR TRANSACTIONS IN RELATION TO THE TENANCY AGREEMENT AND THE WAREHOUSE AGREEMENT

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholder's approval pursuant to the Listing Rules and this circular is being despatched to Shareholders for information only.

Reference to time and dates in this circular are to Hong Kong time and dates.

30 January 2026

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

"Additional Warehouses"	being (i) Unit 1-2, 1 Floor, A1 Warehouse, Logistic Park, (ii) Unit 3-4, 1 Floor, A1 Warehouse, Logistic Park and (iii) Unit 4 (portion), 1 Floor, A1 Warehouse, Logistic Park
"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"	Guangdong AEON Teem Co., Ltd.*（廣東永旺天河城商業有限公司）, a company incorporated in the PRC and owned as to 65% by the Company
"Board"	the board of Directors
"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)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EBITDA"	earnings before interest, taxes, depreciation, and amortization
"GBA"	the Guangdong-Hong Kong-Macao Greater Bay Area
"GDP"	gross domestic product
"Group"	the Company and its subsidiaries
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) who / which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules

"JPY"	Japanese Yen, the lawful currency of Japan
"Landlord"	Foshan Pufeng Warehouse Management Co Ltd.* (佛山普豐倉儲經營有限公司), a company incorporated in the PRC which is beneficially owned by (i) funds of GLP (holds 60% of the shareholding and has control and management rights over on-site operations) and (ii) Chen Jiantao*陳健濤 (holds 40% of the shareholding). Funds of GLP refer to the investment funds in the name of GCP China Logistics Value Partners. GLP refers to GLP Investment (Shanghai) Co Ltd, a company incorporated in the PRC which is beneficially owned by GLP China Holdings Limited, a company incorporated in Hong Kong as a public limited company
"Latest Practicable Date"	26 January 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Logistic Park"	being the Logistic Park, Chencun, Shunde GLP, Guangdong Province, China* (中國廣東省普洛斯順德陳村物流園) of which the Warehouse and the Additional Warehouses form part
"Original Premises"	Basement 1, Teem Plaza, 208 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, China* (中國廣東省廣州市天河區天河路208號天河城廣場負一層)
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Premises"	Shop B113 and B114, Basement 1, (together with the warehouses in Basement 2 and Basement 3), Teem Plaza, 208 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, China* (中國廣東省廣州市天河區天河路208號天河城購物中心負一層B113及B114號商舖(連同負二層和負三層的倉庫))
"Previous Supplemental Lease Agreement"	The supplemental lease agreement dated 1 December 2022 entered into by AEON GD and the Landlord in respect of the premises including the Warehouse
"RMB"	renminbi, the lawful currency of the PRC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shareholder(s)"	holders of the shares of the Company from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Tenancy Agreement"	the supplemental tenancy agreement dated 9 June 2010 entered into by AEON GD and Teem Holding
"Teem Holding"	GDH Teem (Holdings) Limited* (廣東粵海天河城(集團)股份有限公司), a company incorporated in the PRC with limited liability which is the lessor of the Premises and a non-wholly owned subsidiary of Guangdong Investment Limited, the issued shares of which are listed on the Stock Exchange (stock code 270)
"Teem Plaza"	the commercial premises where the Premises situates
"Teem Properties"	GDH Teem Commercial Management Company Limited * (廣東粵海天河城商業管理有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of Guangdong Holdings Limited* (廣東粵海控股集團有限公司) which is the ultimate controlling shareholder of Guangdong Investment Limited* (粵海投資有限公司) which in turn is the controlling shareholder of Teem Holding
"Teemall Department Store"	Guangdong Yuehai Teemall Department Stores Holdings Limited* (廣東粵海天河城百貨發展有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Teem Holding
"Tenancy Agreement"	the tenancy agreement and the supplemental agreement on adding warehouse both dated 24 June 2025 entered into by AEON GD and Teem Holding
"Warehouse"	Units 3-4, 1 Floor, A2 Warehouse, Logistic Park which forms part of the Premises I under the Supplemental Lease Agreement referred to in the Company's announcement dated 1 December 2022
"Warehouse Agreement"	the New Supplemental Lease Agreement entered into between AEON GD and the Landlord and dated 30 September 2025
"%"	per cent.

* *the English names of the addresses situate at or entities incorporated in the PRC are translation of their respective Chinese addresses or company names for the purpose of identification only*

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)

Executive Directors:
Mr. Takenori NAGASHIMA *(Managing Director)*
Mr. Shinya HISANAGA

Non-executive Directors:
Mr. Toshiya GOTO *(Chairman)*
Mr. Hiroyuki INOHARA
Mr. Yasutoshi YOKOCHI

Independent non-executive Directors:
Mr. Hideto MIZUNO
Ms. SHUM Wing Ting
Ms. WONG Mei Ling

Registered office:
G-4 Floor
Kornhill Plaza (South)
2 Kornhill Road
Hong Kong

30 January 2026

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS
IN RELATION TO THE TENANCY AGREEMENT AND
THE WAREHOUSE AGREEMENT

INTRODUCTION

Reference is made to the announcements of the Company dated 24 June 2025 and 30 September 2025 in relation to, among other things, the Tenancy Agreement and the Warehouse Agreement.

The purpose of this circular is to provide you with (i) the details of the Tenancy Agreement and the Warehouse Agreement; (ii) the valuation of the leasehold interests of the Premises and the Warehouse and (iii) the general and financial information of the Group.

THE TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 9 June 2010 in relation to the Supplemental Tenancy Agreement between AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and Teem Holding as lessor in respect of the Original Premises which expired on 30 June 2025.

On 24 June 2025, AEON GD as lessee and Teem Holding as lessor entered into the Tenancy Agreement in respect of the lease of the Premises for a term of 8 years commencing from 1 July 2025 to 30 June 2033 (both dates inclusive). The Original Premises have been leased by AEON GD for operating its retail businesses therein since 1996.

The principal terms of the Tenancy Agreement are as follows:

Date:	24 June 2025
Parties:	(a) AEON GD, as lessee; and (b) Teem Holding, as lessor
Premises:	Shop B113 and B114, Basement 1, (together with the warehouses in Basement 2 and Basement 3), Teem Plaza, 208 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, China* (中國廣東省廣州市天河區天河路208號天河城購物中心負一層B113及B114號商舖(連同負二層和負三層的倉庫).
Total lease area:	Shops B113 and B114: approximately 3,908.00 sq.m.; and Basement warehouses: approximately 928.83 sq.m.
Term:	Eight years commencing from handover date which is 1 July 2025. Lessor grants AEON GD a renovation period of 90 days from the handover date. AEON GD shall commence business in the Premises on the date next after completion of its renovation provided that should Basement 1 of Teem Plaza has not yet been opened for business, AEON GD may postpone its business commencement to the same date as that of the Basement 1 of Teem Plaza and no rent or management fee are payable during the postponement.

Rent:	The total amount of rent (excluding tax) payable under the Tenancy Agreement during the term is approximately RMB101.61 million which is exclusive of management fee, other charges and outgoings. The monthly rent for the shop of the Premises is RMB0.93 million per month for the period from commencement of the term up to 30 June 2029 and RMB1.04 million per month for the period from 1 July 2029 to expiry of the term. The monthly rent for the warehouse units of the Premises is RMB0.07 million per month for the period from commencement of the term up to 30 June 2029 and RMB0.09 million per month for the period from 1 July 2029 to expiry of the term.
Management fee:	The annual amount of the management fee (excluding tax) payable under the Tenancy Agreement during the term is approximately RMB3.02 million (inclusive of air-conditioning charges). The monthly management fee for the Premises is RMB0.25 million for the entire term.
Utilities expenses:	Utilities expenses shall be payable by AEON GD to Teem Properties under the Tenancy Agreement. Utilities expenses shall be calculated based on meter readings from independent meters installed in respect of the Premises, i.e. the actual usage by AEON GD, subject to overall adjustments made by Teem Properties for the Teem Plaza as a whole and adjustments by utility companies from time to time. The annual amount of utilities expenses (excluding tax) payable by AEON GD is estimated to be approximately RMB2.71 million.
Other charges:	AEON GD shall pay relevant rents, usage charges and other fees in relation to any short term / provisional showrooms, storage areas, signage, other facilities and special equipment that it may from time to time choose to rent or employ with the consent of Teem Holding and/or Teem Properties. The annual amount of the other charges (excluding tax) payable by AEON GD is estimated to be approximately RMB2.33 million.
Payment term:	Rent and management fees are payable monthly on or before the 7th day of every month.
Usage:	For the purpose of AEON GD's operation of a supermarket in the name of AEON STYLE.
Deposit:	In the sum of RMB3.38 million and a management fee deposit of RMB0.80 million.

The terms of the Tenancy Agreement, including the rent, management fees, utilities expenses and the other charges, were determined after arm's length negotiations between AEON GD and Teem Holding, after taking into consideration (a) the prevailing market price for comparable premises in the vicinity of the Premises. In particular, the unit rates for rent in the referenced lease transactions ranged from approximately RMB284.73/m^2 to 345.67/m^2, and the monthly unit rates for rent (per square metre) of tenancies based on data collected by AEON GD (primarily information on prevailing leases collected from the rental market by AEON GD's leasing team) for Teem Plaza were approximately 1.1 to 1.3 times the unit rates for the highest rent payable by AEON GD for the shops of the Premises (for the period from 1 July 2029 to expiry of the term in 2033); and (b) the similar charges charged by Teem Holdings in respect of the other parts of Teem Plaza. Compared with the referenced lease transactions,(i) the monthly unit rate for management fees reflects a discount of approximately 7.7%; (ii) utilities expenses are charged on the same actual consumption basis and at the same unit rates applied by the respective utilities service providers; and (iii) warehouse charges are applied at the same unit rate of approximately RMB98/m² from the commencement date in July 2025, with an adjustment to approximately RMB103/m², which is applicable to others from January 2026, but applicable to AEON GD only from the second half of 2029. As (i) the unit rates for rent payable by AEON GD throughout the term of the Tenancy Agreement are within the range of market rent levels in the referenced lease transactions of comparable premises in the vicinity of the Premises considered by the Company; (ii) the monthly unit rates for rent (per square metre) of tenancies based on data collected by AEON GD (primarily information on prevailing leases collected from the rental market by AEON GD's leasing team) for Teem Plaza were approximately 1.1 to 1.3 times the unit rates for the highest rent payable by AEON GD for the shops of the Premises (for the period from 1 July 2029 to expiry of the term in 2033); (iii) the average monthly unit rate for rent (per square metre) for Teem Plaza based on publicly available information was approximately 2.2 times the unit rates for the highest rent payable by AEON GD for the shops of the Premises (for the period from 1 July 2029 to expiry of the term in 2033) and (iv) the unit rate for the highest rent payable by AEON GD for the warehouse units of the Premises (for the period from 1 July 2029 to expiry of the term in 2033) were the same as the monthly unit rates for rent (per square metre) of similar warehouse unit tenancies based on data collected by AEON GD (primarily information on prevailing leases collected from the rental market by AEON GD's leasing team) for Teem Plaza for the period from 1 January to 30 June 2026, the Company is of the view that the rents payable under the Tenancy Agreement are no less favourable to the Group compared to prevailing market rent and management fees. The Company also noted that, for reference purposes, the monthly rent payable by AEON GD for the shops of the Premises for the entire term is lower than the market rent of RMB1,052,400 per month as at 30 November 2025 as set out in the valuation report on page 1 in appendix II to this circular and the monthly rent payable by AEON GD for the warehouse units of the Premises for the period from commencement of the term to 30 June 2029 is lower than the market rent of RMB94,600 per month as at 30 November 2025 as set out in the valuation report on page 1 in appendix II to this circular.

The rent, management fees, utilities expenses and the other charges payable by AEON GD under the Tenancy Agreement are expected to be satisfied by internal resources of the Group.

INFORMATION ON THE PARTIES

The Group is principally engaged in the operation of retail stores in Hong Kong and the PRC. AEON GD is owned as to 65% by the Company and as to 35% by Teemall Department Store which is a wholly owned subsidiary of Teem Holding.

Teem Holding and its subsidiaries are principally engaged in property investment and investment holding. Teem Holding, being an associate of a substantial shareholder of the Company's subsidiary, is thus a connected person of the Company at the subsidiary level.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Teem Holding and its subsidiaries and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

The principal business of the Group is the operation of retail businesses through chain stores under the trade names of "AEON STYLE", "AEON" and "AEON SUPERMARKET" in Hong Kong and the PRC. Due to the nature of its retail businesses, the Group has to lease retail stores for operating its retail businesses from time to time. Each of the retail stores, especially sizable stores like the Premises, contributes to and maintains the Group's scale of operation which in turn benefits the Group in lowering the overall operation costs, in enhancing the Group's negotiations with its business partners and in expending its store network and market shares.

AEON GD, a sino-foreign equity joint venture in the PRC which is held as to 65% by the Company and 35% by Teemall Department Stores (a wholly-owned subsidiary of Teem Holding), was set up in 1995 pursuant to a joint venture agreement between the parties. AEON GD has been operating the retail businesses in the Original Premises since 1996, which has successfully accumulated a substantial and valuable customer base, and achieved satisfactory business results. The Supplemental Tenancy Agreement expired on 30 June 2025. AEON GD and Teem Holding entered into the Tenancy Agreement to extend the tenancy in respect of the Premises. The terms of the Tenancy Agreement, including the rental and management charges, were determined after arm's length negotiations between AEON GD and Teem Holding, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises and the rental and management charges charged by Teem Holding in respect of other parts of Teem Plaza.

The terms of the Tenancy Agreement, including the rental charge, were determined after arm's length negotiations between the relevant parties and with reference to the respective prevailing market price for comparable properties and the respective existing rental under the Tenancy Agreement. The entering into of the Tenancy Agreement is (i) necessary for the operation of the retail businesses of the Group and (ii) in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Tenancy Agreement (and the transactions contemplated thereunder) are on normal commercial terms and are fair and reasonable and the entering into of the Tenancy Agreement (and the transactions contemplated thereunder) is in ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

WAREHOUSE AGREEMENT

Reference is made to the Company's announcement dated 1 December 2022 in respect of, among other things, the Previous Supplemental Lease Agreement between AEON GD and the Landlord regarding the tenancy of the Warehouse which is due to expire on 30 November 2025.

On 30 September 2025, AEON GD, as tenant, and the Landlord, as landlord, have entered into the Warehouse Agreement, being a renewal agreement in nature, to renew the tenancy of the

Warehouse commencing from 1 December 2025 and to lease the Additional Warehouses commencing from 1 December 2025 or 1 January 2026, as the case may be. AEON GD has been occupying the Warehouse since 14 November 2016 for operating its warehouse to support AEON GD's retail businesses.

The principal terms of the Warehouse Agreement are as follow:

Date:	30 September 2025
Parties:	AEON GD (as tenant); and the Landlord (as landlord)
Warehouse & lease term:	Units 3-4, 1 Floor, A2 Warehouse, Logistic Park From 1 December 2025 to 30 November 2033 (both days inclusive)
Additional Warehouses & lease terms:	(i) Units 1-2, 1 Floor, A1 Warehouse, Logistic Park From 1 December 2025 to 30 November 2033 (both days inclusive) (ii) Unit 3 and Unit 4 (portion), 1 Floor, A1 Warehouse, Logistic Park From 1 December 2025 to 30 November 2033 (both days inclusive) (iii) Unit 4 (portion), 1 Floor, A1 Warehouse, Logistic Park From 1 January 2026 to 30 November 2033 (both days inclusive)
Total lease area:	Warehouse: approximately 9,180.00 sq.m. Additional Warehouses: approximately 21,628.00 sq.m.
Rent and management fees for the lease term:	The total rent (including tax) payable for the lease term in respect of the Warehouse and the Additional Warehouses under the Warehouse Agreement is approximately RMB96.13 million (exclusive of management fees, other charges, and outgoings). The monthly rent for the Warehouse and the Additional Warehouses ranges from RMB0.30 million per month to RMB0.35 million per month, and RMB0.62 million per month to RMB0.70 million per month, respectively, with an average of RMB0.33 million and RMB0.67 million per month, respectively. The total management fees (including tax) payable for the lease term in respect of the Warehouse and the Additional Warehouses under the Warehouse Agreement is approximately RMB41.59 million. The monthly management fee ranges from RMB0.39 million per month to RMB0.45 million per month with an average of RMB0.42 million per month.

The rent and management fees have both been determined after arm's length negotiations between AEON GD and the Landlord, after taking into consideration the prevailing market rent and management fees for comparable premises (i.e. similar size, facilities/amenities and quality) in the vicinity of the Warehouse and the Additional Warehouses. In particular, the combined monthly rents and monthly management fees payable by AEON GD throughout the lease term are within the range of market rent levels in the referenced lease transactions considered by the Company, being approximately RMB 45/m^2 to RMB 48/m^2 per month.

In determining the prevailing market rent and management fees for comparison, the Group had conducted market research, such as obtaining lease transactions/quotations from open source of properties of similar usage (i.e. warehouse). As the average unit rates for the combined monthly rents and monthly management fees payable by AEON GD throughout the lease term are within the range of market rent levels, being 92.6% to 96.2% of the market rent in the referenced lease transactions considered by the Company, and as the highest unit rates for the combined monthly rents and monthly management fees payable by AEON GD in the last year of the lease term are in the range of 96.2% to 102.6% of the market rent in the referenced lease transactions considered by the Company, the Company is of the view that the rents and management fees payable under the Warehouse Agreement are no less favourable to the Group compared to prevailing market rent and management fees. The Company also noted that, for reference purposes, the monthly rent for the first six (6) years out of the eight (8)-year term is lower than the market rent of RMB988,900 per month as at 30 November 2025 as set out in the valuation report on page 1 in appendix II to this circular. Although the rent for the remaining two (2) years is above the referenced market rent, the overall rent structure reflects a balanced and commercially reasonable arrangement over the term. Taking into account all the above factors, the Company is of the view that the rent is fair and reasonable and on normal commercial terms.

The rent and management fees payments will be satisfied by internal resources of the Group.

Payment term:	Both rent and management fees are payable on the first day of each calendar month.
Usage:	For the usage as warehouses
Deposit:	In the sum of RMB2.9 million and as AEON GD paid a deposit of RMB1.07million, the balance in the sum of approximately RMB1.8 million shall be paid by AEON GD within 30 days from signing the Warehouse Agreement

Renovation:	The Landlord shall, at its own costs, carry out renovation to the Warehouse in accordance with AEON GD's requirements, during the period from 1 August 2025 to 30 November 2025
Free parking:	The Landlord shall provide AEON GD with 20 small size parking and 60 10-metre long parking with loading bays (5,500 number of free parking codes). Should the Logistic Park require AEON GD to pay vehicle usage fees, the fees will be borne by the Landlord

INFORMATION OF THE PARTIES

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

The Landlord is principally engaged in operating businesses of logistics management and related consultant service.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE WAREHOUSE AGREEMENT

The principal business of the Group is the operation of retail businesses through chain stores under the trade names of "AEON STYLE", "AEON" and "AEON SUPERMARKET" in Hong Kong and the PRC. Due to the nature of its retail businesses, the Group has to procure merchandise from its suppliers for onward sale to its customers on a daily basis. Centralized warehouse allows a better logistics arrangement with the Group's suppliers over merchandise deliveries and post-delivery processing. Together with refined transportation arrangements, it may enable the Group to optimize the sales floor to backyard ratio in its retail stores and thus enhance the Group's businesses and customer services performances.

The Warehouse has been leased by AEON GD from the Landlord since 14 January 2016 for operating its warehouse therein under the Previous Supplemental Lease Agreement. As the Previous Supplemental Lease Agreement will expire on 30 November 2025, AEON GD and the Landlord have entered into the Warehouse Agreement to extend the terms and to lease the Additional Warehouses.

The terms of the Warehouse Agreement, including the rental charge, were determined after arm's length negotiations between the parties and with reference to the respective prevailing market price for comparable properties. The entering into of the Warehouse Agreement is (i) necessary for the operation of the retail businesses of the Group and (ii) in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Warehouse Agreement (and the transactions contemplated thereunder) are on normal commercial terms and are fair and reasonable and the entering into of the Warehouse Agreement (and the transactions contemplated thereunder) is in ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE AGREEMENT

In accordance with HKFRS 16 "Leases", the entering into of the Tenancy Agreement and the Warehouse Agreement respectively by AEON GD as lessee or tenant, as the case may be, will require the Group to recognise the right-of-use assets arising from the extension of lease terms created thereunder. Set out below is the accounting treatment of the Group in relation to the right-of-use asset:

The right-of-use asset is initially measured at the amount of the lease liability plus adjustments required for deposits payments and the reinstatement cost. After lease commencement, a tenant shall measure the right-of-use asset using a cost model, unless:

(i) the right-of-use asset is an investment property and the tenant fair values its investment property under HKAS 40; or

(ii) the right-of-use asset relates to a class of plant, property and equipment to which the tenant applies HKAS 16's revaluation model, in which case all right-of-use asset relating to that class of plant, property and equipment can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the tenant shall use their incremental borrowing rate. The Company assessed the recoverable amount of the right-of-use asset and considered that there was no impairment loss of right-of-use asset upon the initial recognition.

Based on the above accounting treatment, the values of the right-of-use assets to be recognised by the Group under:

(i) in respect of the tenancy terms under the Tenancy Agreement, the value of the right-of-use assets to be recognised by the Group amounted to approximately RMB88.34 million; and

(ii) in respect of the tenancy terms under the Warehouse Agreement, the value of the right-of-use assets to be recognised by the Group amounted to approximately RMB80.83 million respectively.

As a result, upon entering into of the Tenancy Agreement and the Warehouse Agreement:

(i) the Group's total consolidated assets are estimated to increase by approximately RMB169.17 million upon the initial recognition of right-of-use assets due to the tenancy terms created under the Tenancy Agreement and the Warehouse Agreement; and

(ii) the Group's total consolidated liabilities are estimated to increase by approximately RMB166.24 million upon the initial recognition of lease liability as a result of the tenancy terms created under the Tenancy Agreement and the Warehouse Agreement.

The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, with annual depreciation charges amounting to approximately RMB10.96 million and RMB10.11 million for the Tenancy Agreement and the Warehouse Agreement respectively. Interest expenses on the lease liabilities will be recognised at the incremental borrowing rate of the Group, which is estimated at approximately 4.025% and 3.603% per annum for the Tenancy Agreement and the Warehouse Agreement respectively, and is expected to amount to approximately RMB26.92 million in aggregate. After the commencement date of the leases, the lease liabilities are adjusted by interest accretion and lease payments. The Group's earnings are expected to experience a decrease due to the aggregate effect of the depreciation charge on the right-of-use asset and the interest expenses on the lease liabilities.

IMPLICATIONS UNDER THE LISTING RULES

Exempted Connected Transaction and Continuing Connected Transaction

As at the Latest Practicable Date, AEON GD is owned as to 65% by the Company and as to 35% by Teemall Department Stores which is a wholly owned subsidiary of Teem Holding. Teem Holding, being an associate of a substantial shareholder of the Company's subsidiary, is thus a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Tenancy Agreement constitute both connected transaction (in respect of the right of use asset) and continuing connected transactions (in respect of the payment of management fees, utilities expenses and the other charges) for the Company under the Listing Rules.

None of the Directors has material interests in the Tenancy Agreement or is required to abstain from voting on the resolution of the Board approving the Tenancy Agreement. As (i) Teem Holding is a connected person at the subsidiary level, (ii) the Board has approved the transactions contemplated under the Tenancy Agreement, (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Tenancy Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Tenancy Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. Particulars of the Tenancy Agreement will be included in the annual report of the Company for the year ending 31 December 2025. In respect of the payment of management fees, utilities expenses and the other charges, please refer to the announcement of the Company dated 24 June 2025 for details of the annual caps (including the basis of determining the annual caps) and the independent financial adviser's view on the term of the Tenancy Agreement exceeding three years.

Major Transactions

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by AEON GD as lessee will require the Group to recognise the Premises as a right-of-use asset. Therefore, the transaction contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group, which is a one-off transaction, under the Listing Rules. The value of right-of-use asset recognised by the Group under the Tenancy Agreement amounted to be approximately RMB88.34 million. The entering into of the Warehouse Agreement by AEON GD as tenant will require the Group to recognize the right-of-use asset arising from the tenancy term created thereunder. Therefore the entering into of the Warehouse Agreement will be regarded as an acquisition of assets by the Group under the Listing Rules. The values of the right-of-use asset recognized by the Group under the Warehouse Agreement in respect of the acquisition amounted to approximately RMB80.83 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transactions contemplated under each of the Tenancy Agreement and the Warehouse Agreement respectively based on the value of the right-of-use asset to be recognised by the Group pursuant to HKFRS 16 is 25% or more but is less than 100%, the Tenancy Agreement and the Warehouse Agreement shall each constitute a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Tenancy Agreement and the Warehouse Agreement and the transactions contemplated thereunder. As such, no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting for approving the Tenancy Agreement and the Warehouse Agreement. The Company has obtained written approvals from AEON Co, which holds 155,760,000 issued ordinary shares of the Company (representing 59.91% of its entire issued share capital as at the Latest Practicable Date). As such, the Company is exempted from convening a general meeting to approve the Tenancy Agreement and the Warehouse Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Directors consider that the terms of the Tenancy Agreement and the Warehouse Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Had a general meeting been convened for approval of the Tenancy Agreement and the Warehouse Agreement, the Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of approving the Tenancy Agreement and the Warehouse Agreement.

NON-COMPLIANCE WITH THE LISTING RULES

On 24 June 2025, the Company announced the entering into of the Tenancy Agreement, which constituted a major transaction of the Company for which it had obtained written Shareholder's approval. Under Rule 14.41(a) of the Listing Rules, where a transaction is approved by way of written Shareholders' approval, the circular must be despatched to the Shareholders within 15 business days after publication of the announcement, i.e. by 16 July 2025, or a waiver should be sought from the Stock Exchange if this timeline cannot be met.

The Company initially expected to despatch the circular on or before 16 July 2025. On 21 July 2025, the Company announced that the despatch of the circular was expected to be delayed to 29 August 2025, and subsequently announced further expected delays to 30 September and 31 October

2025. No waiver application was submitted in respect of these delays, as the Company had misunderstood that publishing announcements regarding the expected delay would suffice and that waiver applications should be made closer to the clearance of the draft circular to provide a confirmed despatch date.

Separately, on 30 September 2025, the Company announced the entering into of the Warehouse Agreement, which also constituted a major transaction of the Company for which it had obtained written Shareholder's approval. Pursuant to Rule 14.41(a) of the Listing Rules, the time limit for despatching the circular was 23 October 2025. Based on the same misunderstanding, no waiver application was made in respect of the delay in despatch of the circular.

The Company deeply regrets the delays in the publication of this circular in relation to the Tenancy Agreement and the Warehouse Agreement. The delays were primarily due to additional time required to gather supplemental information for preparation of the circular and liaise with the valuer and external auditor to finalise the valuation report and prepare the necessary financial information for inclusion in the circular. Furthermore, this approach was based on the Company's experience with a previous major transaction in 2024, where the waiver was sought at a later stage during the pre-vetting process. The Company has since clarified its misinterpretation of the relevant requirements and has taken steps to strengthen internal procedures to avoid similar delays in the future.

To prevent the recurrence of similar delays in publication of circular, the Company has adopted the following remedial measures:

(a) The Company has strengthened its internal procedures in relation to notifiable transactions, in particular major transactions, by (i) preparing a detailed timetable with all major milestones and deadlines; (ii) engaging and consulting external professional advisers at an early stage; and (iii) coordinating with all internal and external parties to ensure that the timetable is adhered to. Following the publication of an announcement regarding a major transaction approved by way of written Shareholders' approval, if the Company anticipates that additional time may be required to prepare the circular, it will promptly apply for a waiver under Rule 14.41(a) before the expiry of the prescribed time limit.

(b) The Company has reminded responsible staff of the requirements under the Listing Rules, particularly the time limit for publication of circulars and the proper procedure and timing for applying for a waiver under Rule 14.41(a). The Company will arrange regular training sessions for responsible staff, management and Directors on notifiable transactions, especially major transactions, to strengthen their understanding of the procedures from announcement to circular publication on an annual basis.

(c) The Company has engaged an external legal adviser and going forward will work more closely with its legal adviser on compliance matters. It will consult its legal adviser in connection with future major transactions to ensure timely and proper compliance with the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 are disclosed in the following documents which are published on both the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

Annual report of the Company for the year ended 31 December 2022:
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501659.pdf
(pages 58 to 125)

Annual report of the Company for the year ended 31 December 2023:
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603807.pdf
(pages 61 to 129)

Annual report of the Company for the year ended 31 December 2024:
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042502343.pdf
(pages 59 to 127)

Interim report of the Company for the six months ended 30 June 2025:
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092501203.pdf
(page 2 to 19)

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2025, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Group's total indebtedness is approximately HK$3,713.1 million. The details are as follows:

Bank guarantees

As at 31 December 2025, the Group had aggregate outstanding bank guarantees of approximately HK$152.3 million, of which approximately HK$43.2 million was secured by pledged bank deposits and approximately HK$109.0 million was unsecured. None of the above were guaranteed.

Lease liabilities

As at 31 December 2025, the Group had lease liabilities with outstanding carrying amount of approximately HK$3,144.5 million.

Other borrowings

As at 31 December 2025, the Group had a loan of JPY8,171.9 million (approximately HK$416.4 million) from AEON Co, the immediate and ultimate holding company, bearing interest rate at 2.50% to 2.55% per annum and repayable on 28 February 2026. The loan is unsecured and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 December 2025, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL STATEMENT

During the nine months ended 30 September 2025, the Group incurred a loss for the period of HK$343,068,000 and net cash outflow in respect of operating activities and lease liabilities of HK$212,949,000 and as that date, had net current liabilities of HK$1,080,445,000. As at 30 September 2025, the inter-company loan amounting to HK$451,982,000 from its immediate and ultimate holding company, AEON Co, was repayable on 28 February 2026, while the Group only had bank balances and cash of HK$448,825,000, which may not be sufficient to repay the loan in view of the net cash outflow in respect of operating activities and lease liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration of the liquidity requirements for the Group's operations and reviewed the Group's cash flow projections prepared by management which covers at least twelve months from the date of this circular. Management's cash flow projections include assumptions with regards to the anticipated cash flows generated from and used in the Group's operations and related capital expenditures and continued financial support from its immediate and ultimate holding company, AEON Co, including the extension of the repayment of inter-company loan amounting to HK$451,982,000 and additional sufficient financial resources to enable the Group to continue its operations and to meet its liabilities as and when they fall due. The Directors, after due and careful consideration and after taking into account the financial resources available to the Group, and assuming the inter-company loan amounting to HK$451,982,000 as at 30 September 2025 can be at least extended to January 2027, are of the opinion that the working capital available to the Group is sufficient for its requirements for at least 12 months from the date of this circular.

In the event that the above mentioned cash flow projections and/or the extension of inter-company loan did not materialize as expected, the Group will explore and pursue alternative plans, including but not limited to potential equity or debt financing, to ensure the Group will have sufficient working capital for its operation.

4. MATERIAL ADVERSE CHANGE

Reference is made to the Company's interim report for the six months ended 30 June 2025 published on 25 September 2025. As disclosed in the interim report, in the first half of 2025, the Group faced ongoing challenges from weak consumer confidence, high interest rates, a sluggish real estate market, and Sino-US trade tensions, which restrained retail spending in both Hong Kong and Mainland China. In Hong Kong, sales declined amid outbound travel, e-commerce competition, and changing spending habits, though the Group sought improvement through private brand expansion, store optimization, and digital transformation. Mainland operations saw steady recovery but remained under deflationary pressure, with moderate sales declines and continued store expansion in the Greater Bay Area. Save for the abovementioned factors and challenges, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

According to various data from Hong Kong and Mainland China, the economy was gradually recovering in the first half of 2025. However, due to high interest rates, the continued decline in the real estate market, and the impact of the Sino-US trade war, consumer confidence in both regions remained sluggish, weighing on the overall performance of the retail market. In response to the rapidly changing market environment, the Group actively adjusted its business strategy and implemented internal reforms to lay a solid foundation for sustainable development.

HONG KONG OPERATIONS

According to preliminary government estimates, Hong Kong's GDP increased by 3.1% in real terms in the second quarter of 2025 compared with the same period last year, outperforming the increase in the first quarter. However, the provisional estimate of total retail sales value in Hong Kong for the first half of this year decreased by 3.3% compared with the same period last year, with overall consumption remaining weak. In addition, multiple structural factors, including the ongoing boom in both northbound and outbound travel of Hong Kong residents, the accelerated entry of e-commerce platforms from Mainland China into the Hong Kong market, and changes in the consumption patterns of inbound tourists, also continued to affect the performance of Hong Kong's retail industry, posing challenges to the Group's Hong Kong operations.

During the period under review, the Group continued to improve its procurement strategies and strengthened its product reform efforts to offer a more diverse range of products that cater for consumer needs and attract new customers. This included increasing the proportion of products under its private brands, such as TOPVALU, HÓME CÓORDY, PEACE FIT WARM/COOL, SELF SERVICE, and the newly launched ESSEME, the Group's first overseas women's fashion brand, to boost sales and profitability. In the first half of 2025, sales of the Group's private brands increased by approximately 30%. The Group actively capitalized on the booming IP character economy by launching a product line featuring the highly popular Japanese cartoon character "Opanchu Usagi", which won the favor of many customers. In addition, the Group expanded the range of products directly imported from Japan and Southeast Asia and organized themed promotional events such as the "Vietnamese Fair" to meet customers' demand for exotic tastes.

During the period under review, the Group continued to actively optimize its store network. This included the grand opening of AEON STYLE Kai Tak and the reopening of AEON STYLE Kornhill with a new look, offering diversified products, services and experiences tailored to the evolving needs of different target customers. Additionally, the Group strived to expand into different formats, especially small specialty stores such as Mono Mono, DAISO Japan and Living PLAZA by AEON, to increase profitability.

In response to market challenges, the Group implemented structural reforms to align with its strategic transformation. During the period under review, the Group adopted strategies such as optimizing human resource allocation, actively negotiating with landlords to reduce store rental costs, focusing on opening small specialty stores, and improving product management efficiency to address daily operational issues while maximizing benefits. In addition, the Group improved warehousing and logistics efficiency.

As for digital transformation and e-commerce, the Group expanded and optimized the application of electronic price tags, self-checkout systems and the "Mobile Assistant" during the period under review, which reduced inventory update times and streamlined checkout processes, further demonstrating its commitment to improving operational efficiency. In terms of sales, leveraging precise market positioning in the online space, the Group's online platforms, particularly the AEON App, achieved sales growth in the first half of 2025.

During the first half of 2025, revenue from the Group's Hong Kong operations decreased by 5.97% to HK$1,784.1 million (2024 1st half: HK$1,897.4 million), and incurred a loss of HK$162.0 million (2024 1st half: loss of HK$144.3 million). However, if foreign exchange factors are excluded, the Hong Kong operation's adjusted loss for the period would be HK$140.8 million (2024 1st half: adjusted net loss of HK$155.6 million), representing a 9.5% improvement compared with the same period last year. The adjusted indicator is calculated as the loss for the period minus exchange gains and losses. The management believes that excluding the effects of exchange gains and losses provides a more accurate reflection of the operational efficiency of the Group's core business, helping investors assess its ongoing improvement trend.

The Hong Kong government has actively organized a series of major cultural and sports events, complemented by measures such as increasing duty-free allowances and optimizing visa procedures to attract tourists. In the first half of 2025, the number of visitors to Hong Kong increased by 12% year-on-year to approximately 24 million, improving local consumer sentiment. The government also actively assisted the retail industry in adapting to market changes and shifts in tourist consumption patterns in various ways. For example, the government has allocated HK$1.5 billion in the 2025-26 Budget for initiatives such as brand upgrading, domestic sales support, and export marketing funds, to help companies improve their local sales capabilities. However, the Sino-US trade war brought uncertainties to the second half of 2025 and the unclear economic outlook continued to affect consumer confidence. Additionally, the shift in consumer spending patterns slowed the retail industry's recovery, and the popularity of outbound travel and online shopping among Hong Kong residents made it even more difficult for consumption related to the local population to see significant improvement in the short term.

In the face of a constantly changing economic environment, the Group will continue to implement the following strategies to ensure business resilience and seize opportunities in the second half of 2025. First, the Group will continue to advance product reform to increase sales of its private brands with higher gross profit margins. At the same time, the Group will seek more suitable cartoon IP brands for collaborative sales, optimize its product portfolio, and increase the import of goods directly from regions such as Japan and Southeast Asia to enhance its competitiveness through product differentiation.

The Group will also continue to increase its investment in digital transformation and e-commerce. For example, the Group will introduce smart shopping carts and AI loss prevention systems. At the same time, it will focus on optimizing membership management and launch a joint membership program with mainland companies to improve operational efficiency, promote sales, and provide customers with a more convenient and enjoyable shopping experience. The Group's WeChat Mini Program was launched in July to help attract more mainland customers to shop in-store and become Hong Kong AEON members. In addition, the Group plans to launch more smart retail solutions with its partners and expects to formally deepen its collaboration with ACS under the proposed new bonus point platform in the future, creating greater synergy and helping drive sales and enhance customer loyalty.

Regarding store operations, the Group focused on expanding its small specialty store business, including brands such as Mono Mono, Living PLAZA by AEON and DAISO Japan. By leveraging flexible locations, relatively low rental costs, and a high-value product mix, the Group achieved cost savings and increased sales, thereby ensuring overall profitability. The Group opened the DAISO Japan North Point WORFU Store in July, further expanding its reach to more diverse consumer groups and needs. In July and August, the Group opened lifestyle specialty stores"Mono Mono"in Ngau Tau Kok and Tai Po Tai Yuen, offering a wide range of AEON's private brand products, including TOPVALU、HÓME CÓORDY and DAISO Japan products, and a variety of exclusive items directly imported from Japan and other regions.

The Group will continue to review and adjust its current operational and management systems, aiming to control costs and improve operational efficiency and productivity with meticulous financial management. The Group will further optimize logistics costs and has also introduced TOPVALU vending machines, which will be deployed into more suitable stores. These machines will help the Group control labor costs while boosting sales performance.

The Group will open at least three Mono Mono stores and one DAISO Japan store in the second half of the year, as planned, to strengthen the competitive advantage of its retail network in Hong Kong.

MAINLAND CHINA OPERATIONS

Mainland China's GDP increased by 5.2% year-on-year in the second quarter, representing a 0.2 percentage point slowdown from the growth rate in the first quarter. In the first half of 2025, GDP grew by 5.3% year-on-year, which was higher than the full-year growth target of around 5% set at the "Two Sessions" in March 2025. In the first half of 2025, total retail sales of consumer goods increased by 5.0% year-on-year, up 0.4 percentage point when compared with the growth recorded in the first quarter. In the first half of 2025, Guangdong Province's GDP grew by 4.2% compared with the same period last year. The total retail sales of consumer goods in the province increased by 3.5% year-on-year, with growth accelerating by 1.0 percentage point when compared with the first quarter. Owing to a series of proactive consumption stimulus policies introduced by the Chinese government, Mainland China's economy recovered steadily, but overall deflationary pressure remained.

During the period under review, the gross profit margin of the Mainland China operations increased slightly, mainly due to the substantial increase in sales of its private brands. Online sales also recorded a year-on-year increase, demonstrating the success of the Group's e-commerce deployment. The Group responded flexibly to market changes and capitalized on the surge in "northbound" consumption by Hong Kong residents. During the period under review, the Group opened five new stand-alone supermarkets, including Shenzhen Longgang Renheng Store, Foshan MixC Store, Guangzhou Hengbao Store, Guangzhou Lingzhan Store and Guangzhou Chengguanghui Store, which continuously won the favor and support of new and loyal customers in the Greater Bay Area (GBA) and further expanded the Group's presence in the GBA market. In addition, the Group actively reviewed the performance of each store, closing the Shenzhen Bao'an Store and completing the contract renewal of the Guangzhou Tianhe Store to adjust the store network layout and improve overall efficiency.

Revenue from the Mainland China operations in the first half of 2025 decreased slightly by 0.4% to HK$2,146.6 million (2024 1st half: HK$2,154.7 million), with a loss incurred amounting to HK$66.1 million (2024 1st half: loss of HK$37.0 million).

While the economic environment in Mainland China remains uncertain, the Group is cautiously optimistic about its business development prospects in the country. As the Mainland China's economy steadily recovers, various consumption stimulus measures introduced by the government are expected to effectively stimulate retail demand and create growth opportunities, particularly in key regions such as the GBA.

In addition to the above strategies, the Group will continue to accelerate the expansion of its business footprint in the GBA and proactively seize the opportunities presented by the trend of "northbound travel" among Hong Kong residents. The Group expects to open three AEON stores in the GBA as planned in the second half of 2025 (namely AEON Guangzhou Panyu K11 Store, AEON Jiangmen Lihe Store and AEON Guangzhou Tower Plaza Store), to further expand its store network and retail coverage in the region.

FINANCIAL REVIEW

In the first half of the year 2025, the Group's revenue decreased by 3.0% year-on-year to HK$3,930.7 million (2024 1st half: HK$4,052.1 million). Gross profit margin dropped by 0.4 percentage point to 28.0% (2024 1st half: 28.4%).

As for other income, rental income derived from sub-leases decreased by HK$3.1 million (2024 1st half: decreased by HK$6.3 million) coupled with the drop of platform collaboration income in the period by HK$10.5 million, other income resulted in an overall decrease by 7.0% as compared with last year.

For operating expenses during the period under review, the Group's staff cost decreased by 14.4% and its ratio to revenue increased to 10.6% (2024 1st half: 12.0%). Expenses related to leases decreased by 1.6% and the ratio of expenses to revenue increased to 13.0% (2024 1st half: 12.8%). Other operating expenses, including advertising, promotion and selling expenses, maintenance and repair expenses (including building management fee), utility expenses, administrative expenses and other expenses, increased by 3.8% year-on-year and the ratio of other expenses to revenue was 13.4% (2024 1st half: 12.5%).

Included in other gains and losses, amongst others, was exchange loss of HK$21.1 million (2024 1st half: exchange gain of HK$11.3 million). No impairment loss for the six months ended 30 June 2025 and 2024 has been recognised against the carrying amounts of property, plant and equipment, and right-of-use assets respectively.

Due to the above changes, loss attributable to owners of the Company for the period under review was HK$217.4 million (2024 1st half: loss of HK$171.2 million), representing an increase of loss of HK$46.2 million.

The Group's adjusted EBITDA for the period was loss HK$158.3 million (2024 1st half: loss HK$145.8 million), loss increased by HK$12.5 million.

The Board has reviewed the dividend policy taking into account the following factors of the Company including its financial results, cash flow status, business conditions and strategies, future operations and revenue, capital requirements and expenditure plans, interests of shareholders, any restrictions on distribution of dividends and any other factors that it may consider relevant and has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (2024 1st half: HK$ nil).

During the period under review, capital expenditure on opening new stores and store renovation in Hong Kong and Mainland China and the upgrade of information technology systems amounted to HK$73.1 million.

The Group also entered into new lease agreements and lease modifications in the review period and recognized additional HK$170.0 million (2024 1st half: HK$787.3 million) of right-of-use assets and HK$172.3 million (2024 1st half: HK$826.8 million) of lease liabilities.

The Group maintained a net cash position with cash and bank balances and short-term time deposits amounting to HK$814.9 million as at 30 June 2025 (31 December 2024: HK$830.6 million). As at 30 June 2025, the gearing ratio (which is calculated on the basis of loan from ultimate holding company divided by total deficit) was -57.23% (31 December 2024: -53.32%). The increase in gearing ratio is due to the new borrowing from AEON Co, the ultimate holding company of the Group, amounting to HK$145.7 million which further strengthened the group financial resources to finance future business operations.

As at 30 June 2025, deposits of HK$34.4 million (31 December 2024: HK$36.8 million) were pledged to the bank as guarantees of the rental deposits to landlords. Deposits of HK$7.1 million (31 December 2024: HK$7.0 million) were also pledged to regulatory bodies as guarantees for prepaid value cards sold.

The Group's total lease liabilities as at 30 June 2025 amounted to HK$3,261.2 million (31 December 2024: HK$3,463.9 million), of which HK$722.7 million (31 December 2024: HK$757.6 million) is payable within one year.

As at 30 June 2025, the Group's current liabilities exceeded its current assets by HK$1,414.1 million (31 December 2024: net current liabilities of HK$1,199.3 million). The directors considered that the Group has sufficient financial sources available to fund its operations in the foreseeable future and will be able to meet its financial obligations when they fall due.

Note 1: Management considered that the Adjusted EBITDA reflected more properly the Group's earnings from its operations.

	Six months ended	
Reconciliation of Adjusted EBITDA	**30.6.2025**	**30.6.2024**
	HK$'000	*HK$'000*
Loss for the period	(226,372)	(174,188)
Adjusting items for EBITDA		
Income tax expenses	743	748
Depreciation of investment properties	36,429	37,659
Depreciation of property, plant and equipment	70,791	67,231
Depreciation of rights-of-use assets	334,687	320,461
Interest on lease liabilities	110,010	96,616
Investment income	(5,432)	(7,790)
Interest income from rental deposits	(6,032)	(5,236)
Other gain and losses	21,866	(11,939)
Finance costs	2,987	—
Items for adjusted EBITDA		
Repayment of lease liabilities (included in consolidated cash flow statement) *	(387,997)	(372,751)
Interest on lease liabilities*	(110,010)	(96,616)
Rounding	5	5
Adjusted EBITDA	(158,325)	(145,800)

* *The total of interest on lease liabilities and repayment of lease liabilities represents the rental payment as stated in the lease agreements. Both items are classified as cash flows under financing activities instead of operating activities.*

HUMAN RESOURCES

As at 30 June 2025, the Group had approximately 4,929 full-time and 4,023 part-time employees in Hong Kong and Mainland China. Under the “Everything we do, we do for our customers” credo, and in order to deliver the highest standard of service to all customers, the Group will continue to upgrade the skills and professional knowledge of its employees by providing them with educational and career development opportunities. With a fair human resources system, the Group will create a positive work environment for staff and enhance the communication between on-site staff and the back-end support departments, building a system that facilitates prompt action to address business issues. The Group’s ultimate goal is to build AEON into a brand that benefits all customers.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its opinion of the market rent as at 30 November 2025 of the property to be leased by the Target Company.

JLL 仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

30 January 2026

The Board of Directors
AEON Stores (Hong Kong) Co., Limited
Units 07-11, 26/F, CDW Building
388 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

Dear Sirs,

In accordance with the instructions of AEON Stores (Hong Kong) Co., Limited (the "**Company**") to provide our opinion on the market rent of the properties leased by Guangdong AEON Teem Co., Ltd. (廣東永旺天河城商業有限公司, the "**Target Company**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market rent of the properties as at 30 November 2025 (the "**valuation date**").

Our valuation of the rent represents the market rent which we would define as intended to mean "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had acted knowledgeably, prudently, and without compulsion".

In arriving at our opinion of market rent, we have adopted the comparison approach by making reference to comparable market rental evidence as available in the relevant market. This approach rests on the wide acceptance of the market rent transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. Given that relevant comparable market rental transactions are available, we have therefore used comparison approach which is in line with the market practice. Appropriate adjustments and analysis are considered to the differences in location, size, decoration, facility and other characters between the comparable properties and the subject properties.

Our valuation has been made on the assumption that the lessor leases the properties in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the rental of the properties. The properties are readily for immediate occupation for a normal tenure of three to five years with reasonably good condition and the rents are exclusive of value-added tax, management fees, water and electricity charges and other outgoings.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the properties valued nor for any expense or taxation which may be incurred in effecting a lease. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their rental values.

In valuing the market rent of the properties, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and the Target Company and have accepted advice given to us on such matters as tenure and all other relevant matters.

We have been shown copies of title documents relating to the properties and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the properties in the PRC and any material encumbrance that might be attached to the properties or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Guangdong Huafa Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Property inspection was carried out on 27 June 2025 by Mr. Jason Chen. Mr. Jason Chen is a China Certified Public Valuer and has more than 6 years' experience in the valuation of properties in the PRC.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3^{rd} Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Target Company. We have also sought confirmation from the Company and the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S.(GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUATION

Properties leased by the Target Company in the PRC

No.	**Property**	**Market rent* in existing state as at 30 November 2025** *RMB*
1.	Shop B113 and B114 of Teem Plaza located at No.208 Tianhe Road Tianhe District Guangzhou City Guangdong Province The PRC (天河城購物中心負一層113及114商舖)	1,052,400
2.	5 warehouse units (C-B2005, C-B2024, C-B3003, C-B3009 and C-B3048) of Teem Plaza located at No.208 Tianhe Road Tianhe District Guangzhou City Guangdong Province The PRC (天河城購物中心倉庫)	94,600
	Total:	**1,147,000**

* *The market rent per month is exclusive of value-added tax, management fees, water and electricity charges and other outgoings.*

VALUATION CERTIFICATE

Properties to be leased by the Target Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 November 2025 *RMB*
1.	Shop B113 and B114 of Teem Plaza located at No.208 Tianhe Road Tianhe District Guangzhou City Guangdong Province The PRC (天河城購物中心負一層113及114商舖)	Teem Plaza is located at No.208 Tianhe Road, Tianhe District of Guangzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Guangzhou East Railway Station and about 40 minutes' driving distance to Guangzhou South Railway Station. The locality is a developed commercial area with various public facilities and convenient transportation network. Teem Plaza is a shopping mall which comprises a 10-storey (including 3 basement floors) shopping mall completed in 1996. Pursuant to the tenancy agreement provided by the Company and Target Company, the property comprises Shop B113 and B114 on basement level 1 of Teem Plaza with a lease area of approximately 3,908.00 sq.m.	The property is currently leased by the Target Company for commercial purpose.	1,052,400 per month (Exclusive of value-added tax, management fees, water and electricity charges and other outgoings)

Notes:

1. According to a Tenancy Agreement dated 24 June 2025 entered into between Guangdong AEON Teem Co., Ltd. (廣東永旺天河城商業有限公司, the "Target Company") as the lessee and GDH Teem (Holdings) Limited (廣東粵海天河城(集團)股份有限公司, the "GDH Teem") as the lessor, the property with a lease area of approximately 3,908.00 sq.m. had been leased to the Target Company for commercial purpose for a term from 1 July 2025 to 30 June 2033. Details of the lease are set out below:

Lease term	**Unit rent*** *(RMB/sq.m./month)*
From 1 July 2025 to 31 August 2025 (renovation period)	5.67
From 1 September 2025 to 30 September 2025 (renovation period)	5.49
From 1 October 2025 to 30 June 2029	252.38
From 1 July 2029 to 30 June 2033	265.00

* *The unit rent per month is exclusive of value-added tax, management fees, water and electricity charges and other outgoings.*

2. Our valuation has been made on the following basis and analysis:

In arriving at the market rent of the property, we have analyzed relevant market rental evidence of similar properties in the relevant market. Selection of the rental comparables is based on the following factors: (1) rental comparables are located in Guangzhou City; (2) rental comparables are of larger size (more than 500 sq.m.); (3) the characteristics of the rental comparables are similar to the property (i.e. leased to an anchor tenant in shopping malls of similar quality). The selected rental comparables are exhaustive in terms of the above factors.

Considering the time, location, size and development quality of the property, we identified three comparables as below. The unit rent of these comparable properties ranges from RMB200 to RMB380 per sq.m. per month (excluding value-added tax, management fees, water and electricity charges and other outgoings). Appropriate adjustments and analysis are considered to the differences in several aspects including location, size, floor level and development quality, etc. between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Since the rental comparables are selected from our internal database, the project names of these comparables are not disclosed due to confidentiality agreements to third parties. Some details of the three comparable properties and adjustment are set out below:

Comparables	**A**	**B**	**C**
Project name	Shopping mall A	Shopping mall B	Shopping mall C
Location	Tianhe District, Guangzhou City	Tianhe District, Guangzhou City	Tianhe District, Guangzhou City
Usage	Commercial	Commercial	Commercial
Year of completion	2021	2009	2009
Leased area (sq.m.)	1,300	600	800
Floor	3F	B2	1F
Unit rent before adjustment (RMB/sq.m./month)	201.2	285.7	379.3
Adjustment Factors*			
Location and accessibility	10%	10%	15%
Building age and development quality	-4%	-2%	3%
Size	-8%	-14%	-12%
Floor	33%	9%	-40%
Total adjustment	31%	3%	-34%
Adjusted unit rent (RMB/sq.m./month)	263.2	294.5	250.3

* *The adjustment percentage shown has been rounded to an integer percentage and the minor discrepancies between total adjustment and adjusted unit rent are due to this rounding.*

Based on the above analysis of the comparable properties, the average adjusted unit rent of the property is RMB269.3 per sq.m. per month for the subject basement level 1 commercial units, corresponding to a total monthly rent of RMB1,052,400 for a leased area of 3,908.00 sq.m., excluding value-added tax, management fees, water and electricity charges and other outgoings.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. GDH Teem is the owner of the property;

   b. GDH Teem has the rights to legally occupy, use, earn income from and dispose of the property and has the rights to lease it out on its own or delegate others to lease; and

   c. The Tenancy Agreement for the property entered into between the Target Company (the lessee) and GDH Teem (the lessor) shall become effective on the date it is stamped by both the lessee and the lessor. It shall be legally binding on both parties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 November 2025 *RMB*
2.	5 warehouse units (C-B2005, C-B2024, C-B3003, C-B3009 and C-B3048) of Teem Plaza located at No.208 Tianhe Road Tianhe District Guangzhou City Guangdong Province The PRC (天河城購物中心倉庫)	Teem Plaza is located at No.208 Tianhe Road, Tianhe District of Guangzhou City. It is well-served by public transportation with about 10 minutes' driving distance to Guangzhou East Railway Station and about 40 minutes' driving distance to Guangzhou South Railway Station. The locality is a developed commercial area with various public facilities and convenient transportation network. Teem Plaza is a shopping mall which comprises a 10-storey (including 3 basement floors) shopping mall completed in 1996. Pursuant to the tenancy agreement provided by the Company and Target Company, the property comprises 5 warehouse units (C-B2005 and C-B2024 on Basement 2; C-B3003, C-B3009 and C-B3048 on Basement 3) of Teem Plaza with a lease area of approximately 928.83 sq.m.	The property is currently leased by the Target Company for warehouse purpose.	94,600 per month (Exclusive of value-added tax, management fees, water and electricity charges and other outgoings)

Notes:

1. According to a Tenancy Agreement dated 23 July 2025 entered into between Guangdong AEON Teem Co., Ltd. (廣東永旺天河城商業有限公司, the "Target Company") as the lessee and GDH Teem (Holdings) Limited (廣東粵海天河城(集團)股份有限公司, the "GDH Teem") as the lessor, the property with a total lease area of approximately 928.83 sq.m. had been leased to the Target Company for warehouse purpose. Details of the lease are set out below:

Unit	Leased area *(sq.m.)*	Lease term	Unit rent* *(RMB/sq.m./month)*
C-B2024	88.33	From 23 July 2025 to 30 June 2029	98.06
		From 1 July 2029 to 30 June 2033	102.96
C-B2005,C-B3003, C-B3009 and C-B3048	840.50	From 1 September 2025 to 30 June 2029	98.06
		From 1 July 2029 to 30 June 2033	102.96
Total	928.83		

* *The unit rent per month is exclusive of value-added tax, management fees, water and electricity charges and other outgoings.*

2. Our valuation has been made on the following basis and analysis:

In arriving at the market rent of the property, we have analyzed relevant market rental evidence of similar properties in the relevant market. Selection of the rental comparables is based on the following factors: (1) rental comparables are located in Guangzhou City; (2) rental comparables are of smaller size (less than 300 sq.m.); (3) the characteristics of the rental comparables are similar to the property (i.e. warehouse units in shopping malls of similar quality). The selected rental comparables are exhaustive in terms of the above factors.

Considering the time, location, size and development quality of the property, we identified three comparables as below. The unit rent of these comparable properties ranges from RMB95 to RMB115 per sq.m. per month (excluding value-added tax, management fees, water and electricity charges and other outgoings). Appropriate adjustments and analysis are considered to the differences in several aspects including location, size and development quality, etc. between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Since the rental comparables are selected from our internal database, the project names of these comparables are not disclosed due to confidentiality agreements to third parties. Some details of the three comparable properties and adjustment are set out below:

Comparables	**A**	**B**	**C**
Project name	Shopping mall A	Shopping mall B	Shopping mall C
Location	Tianhe District, Guangzhou City	Tianhe District, Guangzhou City	Huangpu District, Guangzhou City
Usage	Warehouse	Warehouse	Warehouse
Year of completion	2005	1996	2015
Leased area (sq.m.)	200	30	15
Floor	B1	B1	2F
Unit rent before adjustment (RMB/sq.m./month)	115.0	95.0	100.0
Adjustment Factors			
Location and accessibility	0%	0%	5%
Building age and development quality	-2%	0%	-4%
Size	-1%	-1%	-1%
Floor	0%	0%	0%
Total adjustment	-3%	-1%	0%
Adjusted unit rent (RMB/sq.m./month)	111.6	94.1	100.0

Based on the above analysis of the comparable properties, the average adjusted unit rent of the property is RMB101.9 per sq.m. per month, corresponding to a total monthly rent of RMB94,600 for a leased area of 928.83 sq.m., excluding value-added tax, management fees, water and electricity charges and other outgoings.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. GDH Teem is the owner of the property;

   b. GDH Teem has the rights to legally occupy, use, earn income from and dispose of the property and has the right to lease it out on its own or delegate others to lease; and

   c. The Tenancy Agreement for the property entered into between the Target Company (the lessee) and GDH Teem (the lessor) shall become effective on the date it is stamped by both the lessee and the lessor. It shall be legally binding on both parties.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its opinion of the market rent as at 30 November 2025 of the property to be leased by the Target Company.

JLL®
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

30 January 2026

The Board of Directors
AEON Stores (Hong Kong) Co., Limited
Units 07-11, 26/F, CDW Building
388 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

Dear Sirs,

In accordance with the instructions of AEON Stores (Hong Kong) Co., Limited (the "**Company**") to provide our opinion on the market rent of the property leased by Guangdong AEON Teem Co., Ltd. (廣東永旺天河城商業有限公司, the "**Target Company**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market rent of the property as at 30 November 2025 (the "**valuation date**").

Our valuation of the rent represents the market rent which we would define as intended to mean "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had acted knowledgeably, prudently, and without compulsion".

In arriving at our opinion of market rent, we have adopted the comparison approach by making reference to comparable market rental evidence as available in the relevant market. This approach rests on the wide acceptance of the market rent transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. Given that relevant comparable market rental transactions are available, we have therefore used comparison approach which is in line with the market practice. Appropriate adjustments and analysis are considered to the differences in location, size, decoration, facility and other characters between the comparable properties and the subject property.

Our valuation has been made on the assumption that the lessor leases the property in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the rental of the property. The property is readily for immediate occupation for a normal tenure of three to five years with reasonably good condition and the rent is exclusive of value-added tax, management fees, water and electricity charges and other outgoings.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property valued nor for any expense or taxation which may be incurred in effecting a lease. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its rental values.

In valuing the market rent of the property, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and the Target Company and have accepted advice given to us on such matters as tenure and all other relevant matters.

We have been shown copies of title documents relating to the property and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property in the PRC and any material encumbrance that might be attached to the property or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Guangdong Huafa Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Property inspection was carried out on 30 April 2025 by Mr. Jason Chen. Mr. Jason Chen is a China Certified Public Valuer and has more than 6 years' experience in the valuation of properties in the PRC.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Target Company. We have also sought confirmation from the Company and the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S.(GP)Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property leased by the Target Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 November 2025 *RMB*
Portions of Buildings A1 and A2 of GLP Park Shunde Chencun located at No.2 West Guotong Avenue Gangbei Industrial Zone Shunde District Foshan City Guangdong Province The PRC (普洛斯順德陳村物流園)	GLP Park Shunde Chencun is located at No.2 West Guotong Avenue, Shunde District of Foshan City. It is well-served by public transportation with about 25 minutes' driving distance to Guangzhou South Railway Station and about 35 minutes' driving distance to Shunde Port. The locality is a developed industrial area with various public facilities and convenient transportation network. GLP Park Shunde Chencun has 6 blocks of 2-storey ramp-up warehouse buildings completed between 2015 and 2018. Pursuant to the tenancy agreement provided by the Company and Target Company, the property comprises portions of Unit 4 of 1F of Building A1 ("Portion A") and Units 1, 2 & 3 and portions of Unit 4 of 1F of Building A1 ("Portion B") and Units 3 & 4 of 1F of Building A2 ("Portion C") of GLP Park Shunde Chencun with a total lease area of approximately 30,808.00 sq.m.	The property is currently leased by the Target Company for warehouse purpose.	988,900 per month (Exclusive of value-added tax, management fees, water and electricity charges and other outgoings)

Notes:

1. According to a Tenancy Agreement dated 30 September 2025 entered into between Guangdong AEON Teem Co., Ltd. (廣東永旺天河城商業有限公司, the "Target Company") as the lessee and Foshan Pufeng Warehousing Management Co., Ltd. (佛山普豐倉儲經營有限公司, "Foshan Pufeng") as the lessor, the property has a total lease area of approximately 30,808.00 sq.m.. Details of the lease are set out below:

Portion	Leased area *(sq.m.)*	Lease term	Unit rent* *(RMB/sq.m./month)*
A	3,322.62	From 1 January 2026 to 30 November 2029	27.12 for the first year with a yearly growth rate of 3%
		From 1 December 2029 to 30 November 2031	30.58
		From 1 December 2031 to 30 November 2033	30.89

Portion	Leased area *(sq.m.)*	Lease term	Unit rent* *(RMB/sq.m./month)*
B	18,305.38	From 1 December 2025 to 30 November 2029	27.12 for the first year with a yearly growth rate of 3%
		From 1 December 2029 to 30 November 2031	30.58
		From 1 December 2031 to 30 November 2033	30.89
C	9,180.00	From 1 December 2025 to 30 November 2029	31.51 for the first year with a yearly growth rate of 3%
		From 1 December 2029 to 30 November 2031	35.47
		From 1 December 2031 to 30 November 2033	35.82
Total	30,808.00		

* *The unit rent per month is exclusive of value-added tax, management fees, water and electricity charges and other outgoings.*

2. Our valuation has been made on the following basis and analysis:

In arriving at the market rent of the property, we have analyzed relevant market rental evidence of similar properties in the relevant market. Selection of the rental comparables is based on the following factors: (1) rental comparables are located in Foshan City; (2) rental comparables are of larger size (more than 10,000 sq.m.); (3) the characteristics of the rental comparables are similar to the property (i.e. non-bonded Grade A warehouse development). The selected rental comparables are exhaustive in terms of the above factors.

Considering the time, location, size and development quality of the property, we identified three comparables as below. The unit rent of these comparable properties ranges from RMB28 to RMB34 per sq.m. per month (excluding value-added tax, management fees, water and electricity charges and other outgoings). Appropriate adjustments and analysis are considered to the differences in several aspects including location, size and development quality, etc. between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Since the rental comparables are selected from our internal database, the project names of these comparables are not disclosed due to confidentiality agreements to third parties. Some details of the three comparable properties and adjustment are set out below:

Comparables	**A**	**B**	**C**
Project name	Warehouse A	Warehouse B	Warehouse C
Location	Shunde District, Foshan City	Nanhai District, Foshan City	Shunde District, Foshan City
Usage	Warehouse	Warehouse	Warehouse
Year of completion	2017	2010	2009

Comparables	A	B	C
Leased area (sq.m.)	19,000	11,000	24,000
Floor	1F	1F	1F
Unit rent before adjustment (RMB/sq.m./month)	34.0	34.5	28.5
Adjustment Factors			
Location and accessibility	0%	-3%	6%
Building age and development quality	-1%	2%	2%
Size	-2%	-4%	-1%
Floor	0%	0%	0%
Total adjustment	-3%	-5%	+7%
Adjusted unit rent (RMB/sq.m./month)	33.0	32.8	30.5

Based on the above analysis of the comparable properties, the average adjusted unit rent of the property is RMB32.1 per sq.m. per month, corresponding to a total monthly rent of RMB988,900 for a total leased area of 30,808.00 sq.m., excluding value-added tax, management fees, water and electricity charges and other outgoings.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. Foshan Pufeng is the owner of the property;

   b. The property is subject to a mortgage;

   c. Foshan Pufeng has the rights to legally occupy, use, earn income from and dispose of the property and has the right to lease it out on its own or delegate others to lease, but the exercise of the aforementioned rights is also subject to the mortgagee agreement between Foshan Pufeng and the mortgagee; and

   d. The Tenancy Agreement for the property entered into between the Target Company (the lessee) and Foshan Pufeng (the lessor) shall become effective on the date it is stamped by both the lessee and the lessor. It shall be legally binding on both parties.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTEREST IN SECURITIES

(A) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(a) The Company

Name of Director	Number of ordinary shares held as personal interests	Approximate percentage of interests
NAGASHIMA Takenori	12,000	0.00462%
HISANAGA Shinya	30,000	0.01154%

(b) AEON Co, the Company's ultimate holding company

Name of Director	Number of ordinary shares held as personal interests *(note)*	Approximate percentage of interests
GOTO Toshiya	6,300	0.00072%
HISANAGA Shinya	2,130	0.00024%

Note: The shareholding information above is confirmed by the respective Directors as at the Latest Practicable Date.

(B) Substantial Shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, none of the shareholders (other than Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial shareholder	Long Positions Number of ordinary shares held	Approximate percentage of the total number of issued shares
AEON Co	157,536,000 *(note)*	60.59%

Note: These shares are held as to 155,760,000 shares by AEON Co and 1,776,000 shares by AEON Credit Service (Asia) Company Limited ("ACS"). ACS is owned by AEON Co as to 294,888,000 shares representing 70.42% of the issued share capital of ACS. AEON Co is deemed to be interested in the 1,776,000 shares owned by ACS.

3. DIRECTORS' EMPLOYEMENT WITH SUBSTANTIAL SHAREHOLDER

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or proposed Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
GOTO Toshiya	AEON Co	Executive Officer
YOKOCHI Yasutoshi	AEON Co	General Manager of Overseas Company Management Department

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or proposed Directors and their respective close associates was interested in any business which competed, or was likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

7. MATERIAL CONTRACTS

Save for (i) the sale and purchase agreement dated 17 May 2024 entered into between the Company as vendor and AEON Financial Service (Hong Kong) Co., Limited as purchaser in relation to the disposal by the Company of 1,654,500 shares in AEON Credit at the total consideration of HK$9,993,180 (details of which are set out in the announcements of the Company dated 17 May 2024 and 20 May 2024) and (ii) the sale and purchase agreement dated 28 July 2025 entered between the Company as vendor and AEON Financial Service (Hong Kong) Co., Limited as purchaser in relation to the disposal by the Company of 1,346,000 shares in AEON Credit at the total consideration of HK$9,960,400 (details of which are set out in the announcements of the Company dated 28 July 2025), the Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

(a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;

(b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

10. GENERAL

(1) The registered office of the Company is at G-4 Floor, Kornhill Plaza (South), 2 Kornhill Road, Hong Kong.

(2) The head office and principal place of business of the Company is at Units 07-11, 26/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong.

(3) The share registrar of the Company is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(4) The secretary of the Company is Mr. Chan Kwong Leung, Eric who is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aeonstores.com.hk) for a period of 14 days from the date of this Circular:

(a) the Tenancy Agreement;

(b) the Warehouse Agreement;

(c) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix II to this circular; and

(d) the written consent referred to in the section headed "Expert and Consent" of this appendix.