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AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 984)

DISCLOSEABLE TRANSACTION IN RELATION TO THE EARLY TERMINATION OF A TENANCY AGREEMENT

On 31 October 2024, ASC, a wholly-owned subsidiary of the Company, as tenant, issued the Notice in respect of the tenancy of the Premises to the Landlords to early terminate the remaining lease term of the Tenancy Agreement with effect from 30 April 2025.

Pursuant to HKFRS 16, following the issuance of the Notice, the Company shall derecognise the right-of-use asset in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Notice will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognised by the Group under the Notice amounted to approximately RMB8.6 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Notice based on the value of the right-of-use asset to be dererecognised by the Group pursuant to HKFRS 16 is 5% or more but is less than 25%, the Notice when issued to the Landlords constitutes a discloseable transaction of the Company and is subject to the notification and announcement but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 31 October 2024, ASC, a wholly-owned subsidiary of the Company, as tenant, issued the Notice in respect of the tenancy of the Premises to the Landlords to early terminate the remaining lease term of the Tenancy Agreement with effect from 30 April 2025.

The Notice

The principal terms of the Notice are as follow:

- Date: Signed by ASC and served on the Landlords on 31 October 2024
- Parties: ASC, as tenant; and
the Landlords, as landlord
- Premises: 1st and 2nd Floors, Hongfa Centre Building, No.1004 Chuangye 1st Road, Baoan District, Shenzhen, Guangdong Province, China* (中國廣東省深圳寶安區創業一路 1004 號宏發中心大廈一至二樓)
- Early termination: the Tenancy Agreement, which is for a term of 15 years from 1 April 2012, shall be early terminated on 30 April 2025

INFORMATION OF THE PARTIES

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

The Landlord is principally engaged in domestic commerce and material supply, sale & purchase of hardware, daily necessities, transportation equipment, building materials, local products, real estate development and operation, property management and leasing of own properties, research, development and sale of electronic communication products, import and export of goods and technology. Its ultimate beneficial owners are Lai Haihong* (賴海宏) and Lai Yuekuan* (賴岳寬) holding 90.01% and 9.99% of its shareholdings respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlords and its 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.

Pursuant to the Tenancy Agreement, ASC has been operating a retail store at the Premises since 1 April 2012. ASC has recorded continuous losses in this store up to the six-month period ended the 30 June 2024. The Board is of the opinion that the early termination of the Tenancy Agreement under the Notice will help ASC to reduce financial burden in the long run. Therefore, the Board considers that the terms of the Notice and its issuance are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, following the issuance of the Notice, the Company shall derecognise the right-of-use asset in the consolidated financial statements of the Company. Therefore, the transaction contemplated under the Notice will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognised by the Group under the Notice amounted to approximately RMB8.6 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Notice based on the value of the right-of-use asset to be derecognised by the Group pursuant to HKFRS 16 is 5% or more but is less than 25%, the Notice when issued to the Landlords constitutes a discloseable transaction of the Company and is subject to the notification and announcement but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“ASC” AEON South China Co., Ltd.*(永旺華南商業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“Board”	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
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Group and is third party independent of the Group and its connected persons under the Listing Rules
“Landlord”	Shenzhen Hongfa Investment Group Co., Ltd.*(深圳市宏發投資集團有限公司,formerly known as Shenzhen Hongfa Investment Co., Ltd.* (深圳市宏發投資有限公司))is a company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the Notice of Early Termination of the Tenancy Agreement dated 31 October 2024 issued by ASC to the Landlords
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	1 st and 2 nd Floors, Hongfa Centre Building, No.1004 Chuangye 1 st Road, Baoan District, Shenzhen, Guangdong Province, China* (中国广东省深圳寶安區創業一路 1004 號宏發中心大廈一至二樓)
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement” The Tenancy Agreement dated 17 June 2011 in relation to the tenancy of the Premises

“%” per cent.

** the English names of the persons, address and entities incorporated in the PRC are translation of their respective Chinese names or address for the purpose of identification only*

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

Hong Kong, 31 October 2024

As at the date of this announcement, the Executive Directors are Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Toshiya Goto, Mr. Hiroyuki Inohara, Mr. Kenji Fujita and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting