

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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 TENANCY AGREEMENT**

The Board is pleased to announce that on 15 November 2024, the Company, as tenant, signed the Tenancy Agreement to renew the tenancy of the Premises for a fixed term of three years commencing from 16 November 2024 and expiring on 15 November 2027. The Premises have been leased by the Company since 16 September 2016 for operating its retail business therein.

The Tenancy Agreement is subject to the execution by the Landlord. Upon execution by the Landlord, the Tenancy Agreement shall become legally binding on the Landlord and the Company.

Pursuant to HKFRS 16, following the conclusion of the Tenancy Agreement, the Company shall 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 Company under the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Tenancy Agreement amounted to approximately HK\$10.9 million.

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

INTRODUCTION

The Board is pleased to announce that on 15 November 2024, the Company, as tenant, signed the Tenancy Agreement to renew the tenancy of the Premises for a fixed term of three years commencing from 16 November 2024 and expiring on 15 November

2027. The Premises have been leased by the Company since 16 September 2016 for operating its retail business therein.

The Tenancy Agreement is subject to the execution by the Landlord. Upon execution by the Landlord, the Tenancy Agreement shall become legally binding on the Landlord and the Company.

The Tenancy Agreement

The principal terms of the Tenancy Agreement are as follow:

Date:	Signed by the Company on 15 November 2024
Parties:	the Company, as tenant; and the Landlord, as landlord
Premises:	Shop B9 on Ground Floor (including the Stair-case, Landing & Escalator leading to 1/F) and Whole Flat on 1/F, Kar Ho Building, Nos. 27-31 Yuen Long Hong Lok Road, Nos. 25-31 Hong King Street, Yuen Long, New Territories, Hong Kong.
Term:	Three (3) years commencing on 16 November 2024 and expiring on 15 November 2027 (both days inclusive).
User:	For the business use by the Tenant of its “Living Plaza by AEON” and/or “DAISO” and/or “DAISO JAPAN” and for the business operations of the Tenant’s licensees.
Total consideration payable:	The total base rent payable under the Tenancy Agreement during the term is approximately HK\$12.0 million and is exclusive of government rates, management charges, repair and maintenance fees for escalator and all other outgoings of a non-capital and recurring nature. The rent has been determined after arm’s length negotiations between the Company and the Landlord, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. The consideration will be satisfied by internal resources of the Group.
Payment term:	The monthly base rent shall be payable monthly in advance on the first day of each calendar month.
Air-conditioning charges,	The total monthly repair and maintenance fees for escalator and management charges payable during the fixed term under the Tenancy Agreement is approximately HK\$0.2 million. The repair and maintenance fees for escalator and management

management fee & other charges:	charges are payable in advance on the first date of each calendar month (subject to reviews by the Landlord from time to time).
Government rates:	Payable by the Company and subject to assessment by the government
Deposit:	Approximately HK\$1.5 million which was paid in cash by the Company on signing of the Tenancy Agreement.

INFORMATION OF THE PARTIES

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

The principal activity carried on by the Landlord is trading of machinery – textiles and garment, sewing machines and parts.

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 LEASE

The principal business of the Group is the operation of retail businesses through chain stores under the trade names of “AEON STYLE”, “AEON”, “AEON SUPERMARKET” and “DAISO JAPAN” in Hong Kong and the PRC. Due to the nature of its retail businesses, the Group has to enter into tenancy agreements for the leasing of retail stores from time to time. Each of the retail stores, including 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 expanding its store network and market shares.

The Premises have been leased by the Company from the Landlord since 16 September 2016 for operating its retail business therein. As the Existing Tenancy Agreement will expire on 15 November 2024, the Company have entered into the Tenancy Agreement to renew the lease of the Premises to 15 November 2027.

The terms of the Tenancy Agreement, including the rental charge, were determined after arm’s length negotiations between the Parties and with reference to the open market rent of comparable properties and the rental payment made for other retail stores

operated by the Group. The entering into of the Tenancy Agreement is necessary for the operation of the retail business in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Tenancy Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, following conclusion of the Tenancy Agreement, the Company shall 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 under the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Tenancy Agreement amounted to approximately HK\$10.9 million.

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

The Tenancy Agreement is subject to the execution by the Landlord and there may also be a time gap before the receipt of the Tenancy Agreement duly signed by the Landlord. The Company will publish an announcement to provide updates regarding the Tenancy Agreement if there is any material change as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

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

“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 directors of the Company

“Existing Tenancy Agreement”	the existing tenancy agreement dated 1 June 2021 and the letter of extension dated 30 September 2024 entered into by the Company and the Landlord in respect of the Premises for a term of three years from 16 September 2021 and extended for two months to 15 November 2024 (both days inclusive), and for the Company’s operation of a retail store and the total base rent payable thereunder was approximately HK\$13.9 million.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 in accordance with the Listing Rules
“Landlord”	Tung Wah Sewing Machine Trading Limited, a company incorporated in Hong Kong with limited liability with its ultimate beneficial owners being Mr. Kwan Wah and Ms. Kwan Chan Mei Chu, each holding 50% shares
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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”	Shop B9 on Ground Floor (including the Stair-case, Landing & Escalator leading to 1/F) and Whole Flat on 1/F, Kar Ho Building, Nos. 27-31 Yuen Long Hong Lok Road, Nos. 25-31 Hong King Street, Yuen Long, New Territories, Hong Kong.
“Shareholder(s)”	holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement” the Tenancy Agreement issued by the Company as Tenant on 15 November 2024 in respect of the tenancy of the Premises

“%” per cent.

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

Hong Kong, 15 November 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.