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AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 984)

ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO OF THE MASTER LICENCE AGREEMENT AND THE
MASTER SERVICE AGREEMENT**

Reference is made to the announcement of the Company dated 31 December 2024 in relation to, among other things, the Supplemental Master Trademark Licence Agreement entered into by the Company and ATV Japan. The Supplemental Master Trademark Licence Agreement was an interim measure for both parties to negotiate and finalize the terms and conditions of the renewal of the transactions under the Previous Master Trademark Licence Agreement, which expired on 31 December 2024. The parties have now reached an agreement on the renewal terms and conditions which are contained in the two new master agreements set out below.

On 1 April 2025, the Company and ATV Japan have entered into the Master Licence Agreement, pursuant to which ATV Japan agreed to grant to the Group the licence to use the TopValu Trademarks at a licence fee of 0.2% of the purchase cost of the ATV Products with effect from 1 March 2025 and up to and including 31 December 2027.

On the same day, the Company and ATV Japan have entered into the Master Service Agreement, pursuant to which ATV Japan Group agreed to provide the Services to the Group at a service fee of 3.0% of the purchase costs of the ATV Products with effect from 1 March 2025 and up to and including 31 December 2027.

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

As the highest of the applicable percentage ratios in respect of the Proposed Annual Caps is more than 5%, the Proposed Annual Caps constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Proposed Annual Caps.

A circular containing, among other things, (i) the details of the Master Licence Agreement and the Master Service Agreement; (ii) the letter from the Independent Board Committee; (iii) the letter from an independent financial adviser; (iv) the notice of EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 30 May 2025 as the Company expects that additional time will be required to prepare and finalize all information in the circular.

INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2024 in relation to, among other things, the Supplemental Master Trademark Licence Agreement entered into by the Company and ATV Japan. Details of the Supplemental Master Trademark Licence Agreement are set out in the said announcement. The Supplemental Master Trademark Licence Agreement was an interim measure for both parties to negotiate and finalize the terms and conditions of the renewal of the transactions under the Previous Master Trademark Licence Agreement, which expired on 31 December 2024. The parties have now reached an agreement on the renewal terms and conditions which are contained in the Master Licence Agreement and Master Service Agreement.

THE MASTER LICENCE AGREEMENT AND THE MASTER SERVICE AGREEMENT

Pursuant to the Supplemental Master Trademark Licence Agreement, ATV Japan agreed to (and/or to procure the other members of the ATV Japan Group to) (i) grant the licence to use the TopValu Trademarks and (ii) provide the services to members of the Group at a licence fee of 7% of the purchase costs of the ATV Products for a period of 3 months from 1 January 2025 to 31 March 2025.

Following commercial negotiations, the parties have agreed to separate the grant of licence and the provision of service into two separate master agreements and to reduce the licence fee from 7% of the purchase costs of the ATV Products under the Supplemental Master Trademark Licence Agreement to a total of 3.2% of the purchase costs of the ATV Products (being the sum of a 0.2% for the licence fee and a 3.0% for the service fee set out below) under the Master Licence Agreement and the Master Purchase Agreement and such reduction shall take effect from 1 March 2025.

Master Licence Agreement

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

- Date: 1 April 2025
- Parties: the Company; and
ATV Japan
- Term: The Master Licence Agreement shall take effect from 1 March 2025 and up to 31 December 2027.
- Nature of transactions: ATV Japan agrees to grant (and/or procure other members of the ATV Japan Group to grant) to members of the Group the licence to use the TopValu Trademarks. The transactions under the Master Licence Agreement will be on normal commercial terms, on an arm's length basis and on terms not less favourable to which the members of the Group procure such services from independent third parties, or to which members of the ATV Japan Group provide such services to other parties.
- Licence fee: In consideration of the grant of the licence to use the TopValu Trademarks, the relevant member of the Group shall pay to the relevant member of the ATV Japan Group a licence fee equivalent to 0.2% of the purchase costs of the ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Group. A default interest of 1% per annum on any overdue amount shall be payable for the period from the original due date to the date of payment in full.
- Trademarks licence: The Group shall be granted the non-exclusive right and licence to use the TopValu Trademarks in the Territory for the purpose of or in connection with the Business, including but not limited to applying or otherwise using the TopValu Trademarks (or procuring the TopValu Trademarks to be applied) on the products supplied by manufacturers or suppliers to the Group and the marketing, sale and promotional materials in connection with the Business. Members of the ATV Japan Group shall enter into specific licencing agreements with the relevant members of the Group, which adopt the terms and conditions set out in the Previous Master Trademark Licence Agreement and sets out the detailed terms, including but not limited to the arrangements relating to payment of the licence fee.

Master Service Agreement

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

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| Date: | 1 April 2025 |
| Parties: | the Company; and ATV Japan |
| Term: | The Master Service Agreement shall take effect from 1 March 2025 and up to 31 December 2027. |
| Nature of transactions: | ATV Japan agrees to provide (and/or procure other members of the ATV Japan Group to provide) the services to the members of the Group. The transactions under the Master Service Agreement will be on normal commercial terms, on an arm's length basis and on terms not less favourable to which the members of the Group procure such services from independent third parties, or to which members of the ATV Japan Group provide such services to other parties. |
| Service fee: | In consideration of the provision of Services, the relevant member of the Group shall pay to the relevant member of the ATV Japan Group a service fee equivalent to 3.0% of purchase costs of the ATV Products (excluding any value added tax or other tax or freight expenses) supplied by manufacturers or suppliers to the Group. A default interest of 1% per annum on any overdue amount shall be payable for the period from the original due date to the date of payment in full. |
| The Service | <p>The ATV Japan Group shall provide to the Group the following services (the “Services”) and shall be entitled to exercise control including the following:</p> <ul style="list-style-type: none">(a) conduct market research, planning and development of products;(b) establish product specifications;(c) provide to members of the Group with information on product specifications, product cost and related expenses;(d) manage production and conduct quality control on products;(e) provide information on promotion; and(f) any other services in connection with the above. <p>The Group shall obtain prior written approval from the relevant members of the ATV Japan Group before outsourcing to any third party the manufacturing of the ATV Products. Other than consumers, the Group shall not sell the ATV Products to any third party other than those designated by the ATV Japan Group.</p> |

Historical transaction amounts and annual caps

The Directors estimate that the maximum amount payable by the Company to the ATV Japan Group under the Master Licence Agreement and the Master Service Agreement during their term will not exceed the Proposed Annual Caps below:

| Financial Year | Proposed Annual Cap <i>HK\$ million</i> |
|------------------------------------|---|
| 1 January 2025 to 31 December 2025 | 7.4 ^(Note) |
| 1 January 2026 to 31 December 2026 | 9.1 ^(Note) |
| 1 January 2027 to 31 December 2027 | 11.7 ^(Note) |

Note:

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

In arriving at the Proposed Annual Caps, the Directors have taken into account (i) historical transaction amounts under the Previous Master Trademark Licence Agreement as set out below; (ii) the Company's plans for ATV Products procurement; and (iii) the expected business growth of the Group. Taking into account the above, the Directors (excluding the independent non-executive Directors whose view will be set out in the circular to be issued by the Company) consider that the Proposed Annual Caps are fair and reasonable.

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

| Financial Year | Annual Cap under Previous Master Trademark Licence Agreement <i>HK\$ million</i> | Actual Transaction Amount <i>HK\$ million</i> |
|-----------------------------------|--|---|
| 1 January 2022 – 31 December 2022 | 32.7 | 12.9 |
| 1 January 2023 – 31 December 2023 | 41.8 | 11.2 |
| 1 January 2024 – 31 December 2024 | 53.7 | 12.2 |

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER LICENCE AGREEMENT AND THE MASTER SERVICE AGREEMENT

Since 2019, through the Previous Master Trademark Licence Agreement, the Group has been granted the non-exclusive right and licence to use the TopValu Trademarks and has been purchasing the ATV Products directly from the manufacturers and suppliers independent of

ATV Japan, AEON Co, its subsidiaries and associates. Such ATV Products would then be sold by the Group to its customers at its retail stores. As the Previous Master Trademark Licence Agreement expired on 31 December 2024 and in order to avoid any disruption to the business operations of the Group, the Company and ATV Japan agreed to continue to grant to the Group the licence to use the TopValu Trademarks and provide the ancillary services to the Group by entering into of the Supplemental Master Trademark Licence Agreement on the same terms and conditions as those under the Previous Master Trademark Licence Agreement for a period of 3 months from 1 January 2025 to 31 March 2025 as an interim measure.

Following commercial negotiations, the parties have agreed to separate the grant of licence and the provision of service into two separate master agreements and to reduce the licence fee from 7% of the purchase costs of the ATV Products under the Supplemental Master Trademark Licence Agreement to a total of 3.2% of the purchase costs of the ATV Products (being the sum of a 0.2% for the licence fee and a 3.0% for the service fee) under the Master Licence Agreement and the Master Purchase Agreement and such reduction shall take effect from 1 March 2025.

The terms of the Master Licence Agreement and the Master Service Agreement have been reached after arm's length negotiations between the Company and ATV Japan.

The Directors (in respect of the Proposed Annual Caps, excluding the independent non-executive Directors whose view will be set out in the circular to be issued by the Company) are of the view that (i) the terms of the Master Licence Agreement, the Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the entering into of the Master Licence Agreement and the Master Service Agreement are in the ordinary and usual course of the business of the Company and in the interest of the Company and its Shareholders as a whole.

INTERNAL CONTROL

As part of the Group's internal control systems, the Company's Connected Party Transaction Panel, comprising corporate planning senior manager, finance manager, legal senior manager and the finance/administration general managers of two subsidiaries of the Company, will assist the Directors to review and monitor all connected transactions of the Group including the transactions under the Master Licence Agreement and the Master Service Agreement. The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group. The finance departments of the relevant members of the Group will conduct the initial level of control over the transaction and the transaction amounts under Master Licence Agreement and the Master Service Agreement to ensure they are conducted within the frameworks and the Proposed Annual Caps. Where necessary, the Connected Party Transaction Panel will conduct biannual review of the transactions under the Master Licence Agreement and the Master Service Agreement to ensure the transactions are conducted within the framework of the Master Licence Agreement and the Master Service Agreement and monitor the utilisation of the annual caps for the Master Licence Agreement and the Master Service

Agreement to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

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

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

AEON Co is a public limited company incorporated in Japan and listed on the Tokyo Stock Exchange. AEON Co's subsidiaries and associated companies are principally engaged in the operation of general merchandise stores, the operation of specialty stores, the development of shopping centres as well as services and other operations in Japan and other Asian countries.

IMPLICATIONS UNDER THE LISTING RULES

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

As the highest of the applicable percentage ratios in respect of the Proposed Annual Caps is more than 5%, the Proposed Annual Caps constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

FORMATION OF AN INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

CIRCULAR

A circular containing, among other things, (i) the details of the Master Licence Agreement and the Master Service Agreement; (ii) the letter from the Independent Board Committee; (iii) the letter from an independent financial adviser; (iv) the notice of EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 30 May 2025

as the Company expects that additional time will be required to prepare and finalize all information in the circular.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Proposed Annual Caps for the Master Licence Agreement and the Master Service Agreement. In view of AEON Co's interests in the Master Licence Agreement and the Master Service Agreement, AEON Co and its associates are required to abstain and shall abstain from voting on the ordinary resolutions to be proposed at the EGM to approve the Proposed Annual Caps. Mr. Toshiya Goto, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Hiroyuki Inohara, Mr. Kenji Fujita and Mr. Yasutoshi Yokochi are shareholders, employees or ex-employees of AEON Co and are regarded as potentially having a material interest in the Master Licence Agreement and the Master Service Agreement. Accordingly, they have abstained from voting on the relevant resolutions at the Board meeting convened to consider the Master Licence Agreement and the Master Service Agreement. For the same reason, Mr. Takenori Nagashima and Mr. Shinya Hisanaga (being shareholders of the Company) will abstain from voting on the relevant resolutions as a shareholder of the Company at the EGM. Apart from the above persons, the Directors are not aware of any other shareholders of the Company who are required to abstain from voting on the resolutions at the EGM.

DEFINITIONS

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

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| “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 Group” | AEON Co and its subsidiaries |
| “ATV Japan” | AEON TopValu Co., Ltd., a company incorporated in Japan with limited liability |
| “ATV Japan Group” | ATV Japan and its subsidiaries |
| “ATV Products” | the products which are developed as AEON Co and/or its subsidiaries' private brand merchandises and bear one or more TopValu Trademarks |
| “Board” | the board of Directors |
| “Business” | the business of procuring and selling merchandise (including but not limited to fashion, food, and household products) to retail customers in the general merchandise stores, supermarket stores and retail stores operated by the Group in Hong Kong and the PRC |

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| “Company” | AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 984) |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “continuing connected transactions” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of Shareholders to be held to consider resolutions relating to the Proposed Annual Caps and any adjournment of such EGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting |
| “Independent Shareholders” | Shareholders other than those who have a material interest in the Master Licence Agreement and the Master Service Agreement |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| “Master Licence Agreement” | the master licence agreement dated 1 April 2025 entered into by the Company and ATV Japan |
| “Master Service Agreement” | the master service agreement dated 1 April 2025 entered into by the Company and ATV Japan |
| “Previous Master Trademark Licence Agreement” | the master trademark licence agreement dated 30 June 2021 entered into by the Company and ATV Japan |
| “Proposed Annual Caps” | the proposed annual caps in the amount of HK\$7.4 million, HK\$9.1 million and HK\$11.7 million for each of the three years ending 31 December 2027, respectively, for the transactions contemplated under the Master Licence Agreement and the Master Service Agreement |
| “Share(s)” | share(s) in the Company |
| “Shareholder(s)” | holders of the Shares from time to time |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Master Trademark Licence Agreement” | the short term agreement dated 31 December 2024 entered into by the Company and ATV Japan |

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| “Territory” | Hong Kong and PRC |
| “TopValu Trademarks” | trademarks and logos owned by AEON Co and licensed to members of the Group from time to time pursuant to the Previous Master Trademark Licence Agreement, the Supplemental Master Trademark Licence Agreement and the Master Licence Agreement |
| “%” | per cent. |

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

Hong Kong, 1 April 2025

As at the date of this announcement, the Executive Directors are Mr. Takenori Nagashima and Mr. Shinya Hisanaga; the Non-executive Directors are Mr. Toshiya Goto, Mr. Hiroyuki Inohara, 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.