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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)**

**MAJOR TRANSACTION AND EXEMPTED CONNECTED TRANSACTION AND  
CONTINUING CONNECTED TRANSACTION IN RELATION TO  
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 expires on 30 June 2025.

The Board is pleased to announce that on 24 June 2025, AEON GD as lessee and Teem Holding as lessor entered into the Tenancy Agreement in respect 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.

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 to be recognised by the Group under the Tenancy Agreement amounted to be approximately RMB88.34 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 25% or more but is less than 100%, the Tenancy Agreement shall constitute a major transaction of 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, none of the Shareholders or any of their respective associates has a material interest in the Tenancy Agreement and the transaction contemplated thereunder, and therefore, 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. The Company has obtained written approval 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 date of this announcement).

As such, the Company is exempted from convening a general meeting to approve the Tenancy Agreement and the transaction contemplated thereunder.

A circular of the Company containing, among other things, further information on the Tenancy Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 16 July 2025.

As at the date of this announcement, 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, 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 acquisition of the right of use asset) and continuing connected transaction (in respect of the payment of management fees, utilities expenses and the other charges) for the Company under the Listing Rules.

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.

## **INTRODUCTION**

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 expires on 30 June 2025.

The Board is pleased to announce that 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 TENANCY AGREEMENT**

The principal terms of the Tenancy Agreement are as follow:

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 號商鋪(連同負二層和負三層的倉庫))
Term:	<p>Eight years commencing from handover date which is tentatively on 1 July 2025. Should the lessor require to handover on an earlier or later date for renovation of Basement 1 of Teem Plaza, the lessor shall give 15 day written notice in advance. The change in handover date shall not be more than 60 days.</p> <p>Lessor grants AEON GD a renovation period of 90 days from the handover date.</p> <p>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.</p>
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.
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).
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 the prevailing market price for comparable premises in the vicinity of the Premises and the similar charges charged by Teem Holdings in respect of the other parts of Teem Plaza.

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.

## **HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS**

The historical transaction amounts in respect of the Supplemental Tenancy Agreement for the three years ended 31 December 2024 and the period from 1 January 2025 to 31 May 2025, respectively, were as follows:

Period	Amount paid (RMB millions)
1 January 2022 to 31 December 2022	54.1
1 January 2023 to 31 December 2023	55.5
1 January 2024 to 31 December 2024	56.4
1 January 2025 to 31 May 2025	23.45

The Directors estimate that the maximum aggregate amount payable by AEON GD to Teem Holding and Teem Properties on annual basis under the Tenancy Agreement, which includes payment of the management fee, utilities expenses and the other charges, will not exceed the annual caps ("Annual Caps") below:

	For the year ending 31 December								
	2025 <sup>(1)</sup>	2026	2027	2028	2029	2030	2031	2032	2033 <sup>(2)</sup>
Annual Caps (RMB millions)	3.85	7.55	7.62	7.70	7.77	7.89	7.97	8.06	4.07

*Note: (1) for the period from 1 July 2025 to 31 December 2025; (2) for the period from 1 January 2033 to 30 June 2033.*

In arriving at the Annual Caps, the Directors took into account the amount of the estimated management fees, estimated utilities charges, estimated other charges for provisional showrooms, storage areas, signage, other facilities and special equipment payable by the AEON GD to Teem Holding and Teem Properties under the Tenancy Agreement, and a certain margin of allowances.

## OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.52 of the Listing Rules, a tenancy agreement's term may not exceed three years unless, due to the nature of the transaction, a longer duration is necessary. Accordingly, First Global has been appointed to

- (i) explain why a term in excess of three years is required for the Tenancy Agreement, and
- (ii) confirm that such a term is consistent with normal business practice for agreements of this type.

In forming its opinion, First Global has relied on information provided by the Company, including this announcement, the draft Tenancy Agreement and the comparable agreements entered into between the Group and independent third parties. First Global has obtained and reviewed 5 tenancy agreements entered into between the Group and independent third parties in relation to properties located in the PRC with similar uses and noted that the tenure ranged from 9 years 3 months to 15 years.

In assessing the fairness and reasonableness of the duration under the Tenancy Agreement, First Global has also identified and reviewed market comparable transactions ("Comparable Transactions") involving the leasing of properties by retail stores, department stores, supermarkets or shopping mall operators. The Comparable Transactions were selected on the basis that:

- 1. the lease agreements were entered into by listed issuers on the Stock Exchange;
- 2. each was publicly announced under the Listing Rules between June 2022 and the date of this announcement; and
- 3. each transaction is related to the leasing of properties as retail stores, department stores, supermarkets or shopping malls by their operators.

Apart from the aforementioned, First Global did not impose further criteria in selecting comparable transactions. Having considered that the list of Comparable Transactions already represents all relevant transactions they have been able to identify based on the above criteria and to their best effort, First Global considered the Comparable Transactions to be fair and representative samples for the purpose of comparable analysis.

First Global noted that the duration under the Comparable Transactions ranged from 5 years to 20 years, with 13 out of the 17 Comparable Transactions being 10 years or longer. The average duration of the 17 Comparable Transactions was approximately 12.9 years, which was longer than that under the Tenancy Agreement.

As such, First Global considered that long-term leases for properties intended to be used as retail stores, department stores, supermarkets or shopping malls are the industry norm, and First Global believed that this is primarily attributable to commercial considerations including but not limited to:

- (i) a longer period is generally required for shopping centre, shopping mall, department store or supermarket operators to achieve investment breakeven and subsequent returns, given the substantial upfront and fixed costs involved;
- (ii) operators tend to remain in the same location to maintain end customers' loyalty, ensure business presence and sustain sales revenue; and
- (iii) longer leases avoid the substantial relocation costs as well as the administrative and time expenses associated with short-term arrangements.

First Global is therefore of the view that the duration under the Tenancy Agreement, being 8 years, falls within the range of tenures of the Comparable Transactions and is in line with industry norms. Moreover,

as discussed above, First Global believes that long-term leases for shopping centres, shopping malls, department stores or supermarkets are standard commercial practice in the PRC and accordingly concludes that an 8 year term under the Tenancy Agreement is a normal commercial term for a transaction of this nature and normal business practice for such agreements.

## **INFORMATION OF THE PARTIES**

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

The Teem Holding and its subsidiaries are principally engaged in property investment and investment holding.

## **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 enter into tenancy agreements for the leasing of retail stores 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 expanding 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 is due to expire 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 Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreement and the transactions contemplated thereunder are negotiated on arm’s length basis and entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that the terms of the Tenancy Agreement and the Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Acquisition of asset**

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 to be recognised by the Group under the Tenancy Agreement amounted to be approximately RMB88.34 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 25% or more but is less than 100%, the Tenancy Agreement shall constitute a major transaction of 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, none of the Shareholders or any of their respective associates has a material interest in the Tenancy Agreement and the transaction contemplated thereunder, and therefore, 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. The Company has obtained written approval 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 date of this announcement). As such, the Company is exempted from convening a general meeting to approve the Tenancy Agreement and the transaction contemplated thereunder.

A circular of the Company containing, among other things, further information on the Tenancy Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 16 July 2025.

As at the date of this announcement, 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 acquisition 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.

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.

## DEFINITIONS

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

“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”	廣東永旺天河城商業有限公司 (Guangdong AEON Teem Co., Ltd.), a company incorporated in the PRC and owned as to 65% by 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 directors of the Company
“First Global”	First Global Corporate Finance Co., Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 572, laws of Hong Kong), and appointed by the Company as the independent financial adviser to opine on the term of the Tenancy Agreement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 announcement, 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))
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the shares in 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 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 which in turn is the controlling shareholder of Teem Holding
“Teem Plaza”	the commercial premises where the Premises situates
“Teemall Department Stores”	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
“%”	per cent.

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

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

Hong Kong, 24 June 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 and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling.*