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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 LEASE AGREEMENT**

The Board is pleased to announce that on 23 February 2024, AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and the Agent, as agent of the Lessor, entered into the Lease Agreement in respect of the lease of the Premises for a term of twelve years commencing from the Commencement Date. The Premises will be leased by AEON GD for operating its retail businesses therein.

Pursuant to HKFRS 16, the entering into of the Lease Agreement by AEON GD will require the Group to recognise the Premises as a right-of-use asset. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Group under the Lease Agreement amounted to approximately RMB21.7 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Lease 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 entering into of the Lease Agreement 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 23 February 2024, AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and the Agent, as agent for the Lessor, entered into the Lease Agreement in respect of the lease of the Premises for a term of twelve years commencing from the Commencement Date. The Premises will be leased by AEON GD for operating its retail businesses therein.

**The Lease Agreement**

The principal terms of the Lease Agreement are as follow:

Date:	23 February 2024
Parties:	(a) AEON GD, as lessee; and (b) the Agent, as agent for the Lessor
Premises:	中國廣東省廣州市白雲區機場路 1293-1421 號負一層、首層和第二層商鋪 (Shops on Basement 1, Ground Floor and Second Floor, No.1293-1421 Airport Road, Baiyun District, Guangzhou City, Guangdong Province, China*)
Term:	Twelve years from the Commencement Date
Rent and management fee:	The total base rent (including tax) payable under the Lease Agreement during the term is approximately RMB35.5 million, which is subject to the turnover rent which may be imposed pursuant to the terms and conditions of the Lease Agreement and is exclusive of management fee, other charges and outgoings. The total management fee (including tax) payable under the Lease Agreement during the term is approximately RMB10.2 million (inclusive of air-conditioning charges). The rent and management fee under the Lease Agreement have been determined after arm's length negotiations between AEON GD and the Lessor, 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:	Base rent is payable monthly on or before the 5th day of every month. The Lessor shall provide AEON GD with tax invoice corresponding to the amounts of the monthly base rent paid, failing which, AEON GD is entitled to postpone next payment of base rent.
Rent Free Period	Rent and management fees are payable from Commencement Date which is the date immediately following the expiry of six months from the handover date of the Premises. During the said six months period, AEON GD is not liable to pay any rent or management fee but shall bear its own utility charges. Where AEON GD commences businesses during the said six months period, rent free period will not be shortened but AEON GD shall pay management fee and bear its own outgoings.
Usage	For the purpose of AEON GD's operation of retail store in the name of "AEON", "永旺"
Deposit:	In the sum of RMB 1 million and by way of bank guarantee

## INFORMATION OF THE PARTIES

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

The Agent is engaged in, among others, the sale of food items, daily necessities and non-residential property leasing. The Lessor is engaged in merchandise wholesaling, property management and venue leasing. Both the Agent and the Lessor are wholly owned subsidiary of Guangdong Baixin Investment Group Limited\* (廣東百信投資集團有限公司) which is a company incorporated in the PRC and owned as to 68.7% by Guangdong Baixin Holding Limited\* (廣東百信控股有限公司), as to 16.7% by Shantoushi Baixin Investment Limited\* (汕頭市百信投資有限公司) and as to 14.6% by

Guangzhou Changshi Investmnet Limited\* (廣州昌實投資有限公司). Guangdong Baixin Holding Limited is owned as to 48% by Ma Zedian\* (馬澤鈿), as to 48% by Ma Zerong\* (馬澤榕), as to 3% by Ma Xuejia\* (馬學佳) and as to 1% by Wu XiaoYang\* (吳曉揚). Shantoushi Baixin Investment Limited is owned as to 51% by Ma Zhenxuan\* (馬振宣) and as to 49% by Ma Xitao\* (馬曦濤). Guangzhou Changshi Investmnet Limited is owned as to 72.6% by Ma Xuequ\* (馬學渠), as to 16% by Ma Xiwei\* (馬錫偉) and as to 11.4% by Huang Mingtai\* (黃銘泰).

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

## **REASONS FOR AND BENEFITS OF THE LEASE 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.

The terms of the Lease 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 Lease 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 Lease Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreement is in ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the entering into of the Lease Agreement as tenant by AEON GD will require the Group to recognise the Premises as a right-of-use asset. Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Group under the Lease Agreement amounted to approximately RMB21.7 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use asset recognized by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreement is more than 5% and below 25%, the entering into of the Lease Agreement 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.

## DEFINITIONS

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

“AEON GD”	廣東永旺天河城商業有限公司(Guangdong AEON Teem Stores Co., Ltd.), a company incorporated in the PRC and owned as to 65% by the Company
“Agent”	Guangzhou Baixin Commercial Limited* (廣州百信商業有限公司), a company incorporated in the PRC
“Board”	board of Directors
“Commencement Date”	The date immediately following the expiry of six months from the actual handover day of the Premises which is agreed by the parties to be 15 April 2024
“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
“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 in accordance with the Listing Rules
“Lessor”	Guangzhou Lisheng Trading Limited* (廣州力升商貿有限公司), a company incorporated in the PRC
“Lease Agreement”	The Lease Agreement dated 23 February 2024 in respect of the Premises entered into by AEON GD and the Agent
“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”	中國廣東省廣州市白雲區機場路 1293-1421 號負一層、首層和第二層商鋪 (Shops on Basement 1, Ground Floor and Second Floor, No.1293-1421 Airport Road, Baiyun District, Guangzhou City, Guangdong Province, China*)

“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
“%”	per cent.

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

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

Hong Kong, 23 February 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. Isei Nagakawa, Mr. Makoto Fukuda, Mr. Toshiya Goto and Mr. Hiroyuki Inohara; and the Independent Non-executive Directors are Mr. Chow Chi Tong, Mr. Hideto Mizuno and Ms. Shum Wing Ting.*