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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

IN RELATION TO THE EARLY TERMINATION OF TENANCY AGREEMENTS

THE TERMINATION AGREEMENT

On 4 May 2026 (after trading hours), the Company, as the tenant, entered into the Termination Agreement with the Landlord in respect of the early termination of the leasing of the Premises. Pursuant to the Termination Agreement, the Company has agreed to early terminate the Tenancy Agreements and deliver vacant possession of the Premises to the Landlord prior to the original expiry date of the Lease, being 31 July 2027.

FINANCIAL EFFECTS OF THE TERMINATION AGREEMENT

In accordance with HKFRS 16 “Leases”, the proposed earlier termination of the Premises will result in decrease in the amount of the right-of-use assets recognised by the Company. Accordingly, the transaction contemplated under the Termination Agreement will be regarded as a disposal of asset by the Group within the meaning of Rule 14.04(1)(a) of the Listing Rules. With reference to the aggregate monthly rental payments for the remaining term of the Tenancy Agreements and discounted by a discount rate, the amount of right-of-use assets to be disposed by the Company is approximately HK\$17.7 million. The actual amount of disposal of right-of-use assets arising from the execution of the Termination Agreement to be recognised by the Group for the year ending 31 December 2026 will be subject to final audit by the Company’s auditors. Upon completion of the Termination Agreement, the Group expects to recognise a loss of approximately HK\$9.2 million, which includes the difference between the estimate net book value of the right-of-use assets and the estimated lease liabilities as at the Termination Date; the agreed compensation and other expenses incurred.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Transaction contemplated under the Termination Agreement based on the value of the right-of-use asset to be derecognised by the Group pursuant to HKFRS 16 is 25% or more but is less than 75%, the entering into of the Termination Agreement constitutes a major disposal for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Termination Agreement and the Transaction contemplated thereunder. As such, 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 Termination Agreement. The Company has obtained written approval from AEON Co., Ltd. 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 Termination Agreement and the Transaction contemplated thereunder.

A circular containing, among other things, further information regarding the Termination Agreement and the Transaction contemplated thereunder will be dispatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 26 May 2026.

INTRODUCTION

Pursuant to the Tenancy Agreements, the Company, as the tenant, has leased the Premises for the operation of the Group's retail store with base rent and additional rent which is based on annual gross revenue.

On 4 May 2026 (after trading hours), the Company, as the tenant, entered into the Termination Agreement with the Landlord in respect of the early termination of the leasing of the Premises. Pursuant to the Termination Agreement, the Company has agreed to early terminate the Tenancy Agreements and deliver vacant possession of the Premises to the Landlord prior to the original expiry date of the Lease, being 31 July 2027.

THE TERMINATION AGREEMENT

Principal terms of the Termination Agreement are summarised below:

Date: 4 May 2026

Parties: (i) the Company, as the tenant; and
(ii) Good Focus Holdings Limited, as the Landlord

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Landlord and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

- Premises: 2/F, 3/F and Portion of 1/F and 4/F, Kowloon City Plaza, No. 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong, with a total area of approximately 114,026 square feet.
- Termination date: On or before 15 May 2026.
- Settlement Sum and payment terms: The Settlement Sum payable by the Company to the Landlord is HK\$52,987,403.46
- The Settlement Sum shall be payable by the Company to the Landlord in three instalments:
- (i) HK\$14,121,595.40 on or before 29 May 2026;
 - (ii) HK\$16,000,000.00 on or before 31 August 2026; and
 - (iii) HK\$22,865,808.06 on or before 30 November 2026.
- Condition of the Premises: The Company shall deliver vacant possession of the Premises on an "as-is" basis condition by removing all chattels, equipment and movable additions placed on the Premises (unless otherwise agreed by the Landlord) and deliver to the Landlord all keys, key cards and passcodes (to the extent applicable) to the Premises. For the avoidance of doubt, the Company is not required to reinstate and/or repair the Premises, and costs and expenses related to the reinstatement and/or repairing the Premises shall be borne by the Landlord.
- Cash Deposit: The Cash Deposit, being the sum of HK\$8,013,829.64, is taken into account in deriving the calculation of the Settlement Sum, and the Cash Deposit shall not be refunded or returned to the Company.

INFORMATION OF THE PARTIES

The Company

The Company is an investment holding company. The Group is principally engaged in the operation of general merchandise stores in Hong Kong and the PRC.

The Landlord

Good Focus Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, has an issued share capital of USD1.00. The principal business of the Landlord is property management, with its principal place of business located in Shop 405, 4/F., Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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.

The decision to enter into the Termination Agreement is primarily driven by the Group's urgent need to optimise its store portfolio in light of the financial performance. The Kowloon City Plaza store currently incurs a significant monthly commitment of approximately HK\$4.8 million in base rent and operating charges. By early terminating the tenancy, the Group can immediately cease these substantial recurring cash outflows, thereby strengthening its cash flow position and enhancing overall operational efficiency.

Furthermore, the Board has taken into consideration the changing commercial landscape and the planned redevelopment of Kowloon City Plaza. With the site already approved for residential conversion, the long-term operational viability of the store is limited, and the Group would likely face increasing disruption from the Landlord's redevelopment activities. This early exit allows the Group to avoid the uncertainties associated with the redevelopment timeline and prevents further investment into an aging infrastructure that no longer aligns with modern retail standards.

The Termination Agreement also offers a significant capital saving through the waiver of reinstatement obligations. Typically, the restoration of a retail space exceeding 114,000 sq. ft. would involve massive capital expenditure. Under the terms of the Termination Agreement, the Company will deliver vacant possession of the Premises on an "as-is" basis, with the Landlord bearing all costs related to the reinstatement. This arrangement allows the Group to preserve its capital for strategic initiatives, such as its ongoing "Digital Transformation" and the expansion of its more profitable, small-scale specialty stores and "AEON Style" outlets in emerging growth districts like Kai Tak.

Finally, the Board believes that the early termination of the tenancy is a proactive move to adapt to the “northbound consumption” trend and the structural shift in Hong Kong’s retail market. By reallocating human and financial resources away from this traditional department store format and toward more flexible, high-yield retail concepts, the Group is better positioned to achieve its long-term goal of returning to profitability.

Therefore, the Board considers that the terms of the Termination Agreement (and the Transaction contemplated thereunder) are on normal commercial terms and are fair and reasonable and the entering into of the Termination Agreement (and the Transaction contemplated thereunder) is in ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TERMINATION AGREEMENT

In accordance with HKFRS 16 “Leases”, the proposed earlier termination of the Premises will result in decrease in the amount of the right-of-use assets recognised by the Company. Accordingly, the transaction contemplated under the Termination Agreement will be regarded as a disposal of asset by the Group within the meaning of Rule 14.04(1)(a) of the Listing Rules. With reference to the aggregate monthly rental payments for the remaining term of the Tenancy Agreements and discounted by a discount rate, the amount of right-of-use assets to be disposed by the Company is approximately HK\$17.7 million. The actual amount of disposal of right-of-use assets arising from the execution of the Termination Agreement to be recognised by the Group for the year ending 31 December 2026 will be subject to final audit by the Company’s auditors. Upon completion of the Termination Agreement, the Group expects to recognise a loss of approximately HK\$9.2 million, which includes the difference between the estimate net book value of the right-of-use assets and the estimated lease liabilities as at the Termination Date; the agreed compensation and other expenses incurred.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Transaction contemplated under the Termination Agreement based on the value of the right-of-use asset to be derecognised by the Group pursuant to HKFRS 16 is 25% or more but is less than 75%, the entering into of the Termination Agreement constitutes a major disposal for the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Termination Agreement and the Transaction contemplated thereunder. As such, 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 Termination Agreement. The Company has obtained written approval from AEON Co., Ltd. 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 Termination Agreement and the Transaction contemplated thereunder.

A circular containing, among other things, further information regarding the Termination Agreement and the Transaction contemplated thereunder will be dispatched to the Shareholders for information purposes in accordance with the Listing Rules on or before 26 May 2026.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors from time to time
“Cash Deposit”	means the sum of HK\$8,013,829.64, being the deposit currently held by the Landlord
“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 this term under the Listing Rules
“Director(s)”	the director(s), including the independent non-executive directors of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the Listing Rules
“Landlord”	Good Focus Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Offer Letter”	the offer letter from the Landlord dated 31 May 2011 and accepted by the Company on 2 June 2011
“Premises”	2/F, 3/F and Portion of 1/F and 4/F, Kowloon City Plaza, No. 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong, with a total area of approximately 114,026 square feet

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Settlement Sum”	means the sum of HK\$52,987,403.46
“Shareholder(s)”	the holders of the shares in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	together, (i) the supplemental agreement entered into between the Landlord and the Company (which was signed by the Company on 16 July 2012; and (ii) the second supplemental agreement dated in 2013 and entered into between the Landlord and the Company
“Tenancy Agreements”	the Offer Letter and the Supplemental Agreements
“Termination Agreement”	the termination agreement dated 4 May 2026 and entered into between the Company and the Landlord in respect of the termination of the Tenancy Agreements
“Transaction”	Early termination of the Tenancy Agreements and the delivery vacant possession of the Premises by the Company under the terms set out in the Termination Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the legal currency of the United States of America
“%”	per cent.

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

Hong Kong, 4 May 2026

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.