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If you have sold or transferred all your Shares in **AEON Stores (Hong Kong) Co., Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 LEASE AGREEMENT**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholder’s approval pursuant to the Listing Rules and this circular is being despatched to Shareholders for information only.

Reference to time and dates in this circular are to Hong Kong time and dates.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

“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”	Guangdong AEON Teem Co., Ltd.* (廣東永旺天河城商業有限公司), a company incorporated in the PRC and owned as to 65% by the Company
“Board”	the board of Directors
“Commencement Date”	The date immediately following the expiry of the renovation period or the date when AEON GD commences business operation in the Premises, whichever is the earlier
“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 director(s) of the Company
“EBITDA”	earnings before interest, taxes, depreciation, and amortization
“GBA”	the Guangdong-Hong Kong-Macao Greater Bay Area
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who / which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules

DEFINITIONS

“JPY”	Japanese Yen, the lawful currency of Japan
“Latest Practicable Date”	6 March 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Lessor”	Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of Zhuhai Huafa Properties Co., Ltd.* (珠海華發實業股份有限公司) a company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 600325). The Lessor and its ultimate beneficial owner(s) are Independent Third Parties
“Lease Agreement”	The Lease Agreement dated 15 December 2025 in respect of the Premises entered into by AEON GD and the Lessor
“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 circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	Shop A2001, 2nd Floor, Building 1, 8 Zhuhai Road, Xiangzhou District, Zhuhai City, Guangdong Province, China* (珠海市香洲區珠海大道8號1號樓二層A2001號店舖)
“RMB”	renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holders of the shares of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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



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)

Executive Directors:

Mr. Takenori NAGASHIMA (*Managing Director*)

Mr. Shinya HISANAGA

Non-executive Directors:

Mr. Toshiya GOTO (*Chairman*)

Mr. Hiroyuki INOHARA

Mr. Yasutoshi YOKOCHI

Independent non-executive Directors:

Mr. Hideto MIZUNO

Ms. SHUM Wing Ting

Ms. WONG Mei Ling

Registered office:

G-4 Floor

Kornhill Plaza (South)

2 Kornhill Road

Hong Kong

10 March 2026

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE LEASE AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 December 2025 in relation to the Lease Agreement.

The purpose of this circular is to provide you with (i) the details of the Lease Agreement; (ii) the valuation of the leasehold interests of the Premises and (iii) the general and financial information of the Group.

LETTER FROM THE BOARD

THE LEASE AGREEMENT

Reference is made to the announcement of the Company dated 15 December 2025 in relation to the Lease Agreement between AEON GD, a non-wholly-owned subsidiary of the Company, as lessee and the Lessor as lessor in respect of the Premises.

On 15 December 2025, AEON GD as lessee and the Lessor as lessor entered into the Lease Agreement in respect of the lease of the Premises for a term of 15 years commencing from the Commencement Date for operating its retail businesses therein.

The principal terms of the Lease Agreement are as follows:

Date:	15 December 2025
Parties:	(a) AEON GD, as lessee; and (b) the Lessor, as lessor
Premises:	Shop A2001, 2nd Floor, Building 1, 8 Zhuhai Road, Xiangzhou District, Zhuhai City,, Guangdong Province, China* (中國廣東省珠海市香洲區珠海大道8號1號樓二層A2001號號商舖).
Total lease area:	Approximately 3,886 sq.m.
Term:	Fifteen years from the Commencement Date which shall be the date immediately following the expiry of the renovation period or the date when AEON GD commences business operation in the Premises, whichever is the earlier
Handover Date:	The date when the Lessor hands over the Premises to AEON GD in accordance with the terms and conditions of the Lease Agreement. The agreed handover date is 9 March 2026. By mutual consent, the handover date may be extended to 30 September 2026. The actual handover date shall be notified by the Lessor by 90 days advance written notice
Handover condition:	The Lessor warrants that, by the handover date, the formal leases signing up rate of the shopping mall (after excluding AEON GD's lease area) is not less than 70% both in terms of the number of shops leased out and in terms of the leasing area of the shops leased out Provided that it shall not be counted towards the formal leases signing up rate any letter of intent for lease or short-term lease of period shorter than 12 months (excluding 12 months)

LETTER FROM THE BOARD

Renovation Period:	AEON GD shall be entitled to a renovation period of six months from the actual date of handover of the Premises. During the renovation period, AEON GD shall pay a total rent (including tax) of approximately RMB23,000 and a total management fee (including tax) of approximately RMB210,000.
Rent and management fee:	<p>The total base rent (including tax) payable under the Lease Agreement during the term is approximately RMB55.1 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 RMB15.3 million (inclusive of air-conditioning charges).</p> <p>The rent shall be the higher of the monthly base rent or the turnover rent for that month. The monthly base rent for the Premises is approximately RMB0.004 million, RMB0.291 million, RMB0.311 million, RMB0.330 million for the periods from the 1st to 3rd months, 4th to 60th months, 61st to 120th months and 121st to 180th months of the lease term respectively. In respect of the turnover rent, it shall be the respective percentage of AEON GD's after-tax direct sales turnover in the Premises for the respective months, being 0.0% for the 1st — 3rd months, 3.0% for the 4th to 84th months and 3.2% for the 85th to 180th months. The monthly management fee for the Premises is RMB0.074 million, RMB0.078 million for the periods from the 1st to 3rd months and 4th to 180th months of the lease term respectively.</p> <p>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.</p>
Payment term:	AEON GD shall provide the Lessor with the sales turnover of the preceding month on or before the 8th day of each month. The Lessor shall provide AEON GD with tax invoice corresponding to the amounts of the monthly base rent and the turnover rent, if any, for the preceding month. AEON GD shall pay the monthly base rent and the turnover rent, if any, for the preceding month within 5 working days from receipt of the said tax invoice from the Lessor. Should the Lessor fail, refuse or delay in providing the tax invoice, AEON GD is entitled to suspend rental payment. On or before the 10th day of each month, the Lessor shall provide AEON GD with tax invoice for the management fee. AEON GD shall pay the management fees within 5 working days from receipt of the tax invoice.
Usage:	For the purpose of AEON GD's operation of a retail store in the name of "AEON"/"永旺"

LETTER FROM THE BOARD

- Deposit:** In the sum of RMB 0.6 million to be paid by way of bank guarantee within 60 days from the execution of the Lease Agreement
- Opening rate:** The Lessor warrants the opening rate for shops on the first to third floor of the shopping mall (excluding AEON GD's lease area and then calculated based on both the area and number of shops):
- (i) prior to AEON GD's business commencement, should the opening rate be less than 80% (excluding 80%), AEON GD is entitled to postpone its business commencement and rental concession period shall be extended;
 - (ii) after AEON GD's business commencement, should the opening rate be less than 60% (excluding 60%) for any month, no rent is payable for that month and rental concession period shall be extended;
 - (iii) after the rental concession period referred to (ii) above expires, should the opening rate be higher than 60% (including 60%) but lower than 80% (excluding 80%), the rental amount will be reduced by half;
 - (iv) after the rental concession period referred to (ii) above expires, should the opening rate be less than 60% (excluding 60%) for six consecutive months, AEON GD is entitled to terminate the Lease Agreement, obtain refund of deposit, damages in the sum equal to the deposit, compensation equal to the depreciated costs of non-removable fixtures and fittings and reasonable legal costs.
- Early termination:** Within the first 60 months from the date of AEON GD's formal business commencement in the Premises of the term, AEON GD may early terminate the lease by giving 6 months' advance written notice to the Lessor and by paying to the Lessor a compensation equivalent to four times of the average monthly rental amount paid by AEON GD in the last six months prior to the termination and then no other damages or compensation is payable. After the said first 60 months of the term, AEON GD may terminate the lease at any time by giving twelve months' advance notice to the Lessor and no damages or compensation is payable
- Facilities:** During the term, the Lessor shall at its own costs provide for the use by AEON GD the escalators, freight elevators, fire elevators and passenger elevators; two advertising light boxes on the outdoor signage tower; directional signage(s) from car park to shop

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The terms of the Lease Agreement, including the rent and management fees were 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. In particular, the unit rates for rent in the referenced lease transactions ranged from approximately RMB65/m² to 80/m² in the first year which increase to approximately RMB85/m² to 100/m² in the fifteenth year with an average annual increment rate of approximately 1.64% to 1.98% while the unit rates for management fees in the referenced lease transactions ranged from approximately RMB10/m² to 20/m². The unit rates for rent ranging from RMB75/m² in the first year to 85/m² in the fifteenth year of the term of the Lease Agreement with an average annual increment rate of approximately 0.92% and the unit rates for management fees throughout the term of the Lease Agreement are within the range of the referenced lease transactions. As (i) the unit rates for rent and management fees throughout the term of the Lease Agreement are within the range of market rent levels in the referenced lease transactions of comparable premises in the vicinity of the Premises considered by the Company and (ii) the Premises situates at a much populated area than the referenced lease transactions, the Company is of the view that the rents payable under the Lease Agreement are no less favourable to the Group compared to prevailing market rent and management fees. The Company also noted that, for reference purposes, the monthly rent payable by AEON GD for the Premises for the first 5 years of the term is lower than the market rent of RMB294,400 per month as at 15 December 2025 as set out in the valuation report on page 24 in appendix II to this circular. Although the rent for the remaining 10 years is above the market rent of RMB294,400 per month, the average annual increment rate throughout the entire term of the Lease Agreement remains at a low level of approximately 0.92% so the overall rent structure reflects a balanced and commercially reasonable arrangement over the term. Taking into account all the above factors, the Company is of the view that the rent is fair and reasonable and on normal commercial terms.

The rent and management fees payable by AEON GD under the Lease Agreement are expected to be satisfied by internal resources of the Group.

INFORMATION ON THE PARTIES

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

The Lessor is principally engaged in construction engineering, construction management and property leasing.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners 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 lease retail stores for

LETTER FROM THE BOARD

operating its retail businesses 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 expending 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 relevant parties and with reference to the respective prevailing market price for comparable properties and the respective existing rental under the Lease Agreement. The entering into of the Lease Agreement is (i) necessary for the operation of the retail businesses of the Group and (ii) in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Lease Agreement (and the transactions contemplated thereunder) are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreement (and the transactions 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 TRANSACTIONS CONTEMPLATED UNDER THE AGREEMENT

In accordance with HKFRS 16 "Leases", the entering into of the Lease Agreement by AEON GD as lessee will require the Group to recognise the right-of-use asset arising from the lease terms created thereunder. Set out below is the accounting treatment of the Group in relation to the right-of-use asset:

The right-of-use asset is initially measured at the amount of the lease liability plus adjustments required for deposits payments and the reinstatement cost. After lease commencement, a tenant shall measure the right-of-use asset using a cost model, unless:

- (i) the right-of-use asset is an investment property and the tenant fair values its investment property under HKAS 40; or
- (ii) the right-of-use asset relates to a class of plant, property and equipment to which the tenant applies HKAS 16's revaluation model, in which case all right-of-use asset relating to that class of plant, property and equipment can be revalued.

Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the tenant shall use their incremental borrowing rate. The Company assessed the recoverable amount of the right-of-use asset and considered that there was no impairment loss of right-of-use asset upon the initial recognition.

Based on the above accounting treatment, the values of the right-of-use assets to be recognised by the Group under the lease terms under the Lease Agreement amounted to approximately RMB38.8 million.

LETTER FROM THE BOARD

As a result, upon entering into of the Lease Agreement:

- (i) the Group's total consolidated assets are estimated to increase by approximately RMB38.8 million upon the initial recognition of right-of-use assets due to the lease terms created under the Lease Agreement; and
- (ii) the Group's total consolidated liabilities are estimated to increase by approximately RMB38.8 million upon the initial recognition of lease liability as a result of the lease terms created under the Lease Agreement.

The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, with annual depreciation charges amounting to approximately RMB2.6 million for the Lease Agreement. Interest expenses on the lease liabilities will be recognised at the incremental borrowing rate of the Group, which is estimated at approximately 3.87% per annum for the Lease Agreement, and is expected to amount to approximately RMB13.7 million. After the commencement date of the leases, the lease liabilities are adjusted by interest accretion and lease payments. The Group's earnings are expected to experience a decrease due to the aggregate effect of the depreciation charge on the right-of-use asset and the interest expenses on the lease liabilities.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Lease 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 Lease 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 recognised by the Group under the Lease Agreement amounted to be approximately RMB38.8 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the transactions 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 25% or more but is less than 100%, the Lease Agreement shall constitute a major transaction for 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, no Shareholder has a material interest in the Lease Agreement and the transactions 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 Lease Agreement. The Company has obtained written approvals 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 Latest Practicable Date). As such, the Company is exempted from convening a general meeting to approve the Lease Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the terms of the Lease Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Had a general meeting been convened for approval of the Lease Agreement, the Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of approving the Lease Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 are disclosed in the following documents which are published on both the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

Annual report of the Company for the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501659.pdf>

(pages 58 to 125)

Annual report of the Company for the year ended 31 December 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042603807.pdf>

(pages 61 to 129)

Annual report of the Company for the year ended 31 December 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042502343.pdf>

(pages 59 to 127)

Interim report of the Company for the six months ended 30 June 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092501203.pdf>

(page 2 to 19)

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2026,, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Group's total indebtedness is approximately HK\$3,724.7 million. The details are as follows:

Bank guarantees

As at 31 January 2026, the Group had aggregate outstanding bank guarantees of approximately HK\$152.6 million, of which approximately HK\$43.6 million was secured by pledged bank deposits and approximately HK\$109.0 million was unsecured. None of the above were guaranteed.

Lease liabilities

As at 31 January 2026, the Group had lease liabilities with outstanding carrying amount of approximately HK\$3,095.1 million.

Other borrowings

As at 31 January 2026, the Group had a loan of JPY9,414.1 million (approximately HK\$479.0 million) from AEON Co., Ltd, the immediate and ultimate holding company, bearing interest rate at 2.50% to 2.77% per annum and repayable on 28 February 2026, and subsequently extended to 28 February 2027. The loan is unsecured and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 January 2026, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL STATEMENT

During the nine months ended 30 September 2025, the Group incurred a loss of HK\$343,068,000 and net cash outflow in respect of operating activities and lease liabilities of HK\$212,949,000. As at 30 September 2025, the Group had net current liabilities of HK\$1,080,445,000. As of the date of this circular, the inter-company loans due to its immediate and ultimate holding company amounted to HK\$544,931,000, in which (i) HK\$65,632,000 drawdown in February 2026 will be repayable on 30 June 2026, (ii) HK\$479,299,000 will be repayable on 28 February 2027. The Group may not be able to repay the loan when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration of the liquidity requirements for the Group's operations and reviewed the Group's cash flow projections prepared by management which cover at least twelve months from the date of this circular. Management's cash flow projections include assumptions with regards to the anticipated cash flows generated from and used in the Group's operations and related capital expenditures and continued financial support from its immediate and ultimate holding company, AEON Co., Ltd., including the extension of the repayment of inter-company loan amounting to HK\$544,931,000 and additional sufficient financial resources to enable the Group to continue its operations and to meet its liabilities as and when they fall due. The Directors, after due and careful consideration and after taking into account the financial resources available to the Group, and assuming that the inter-company loans can be extended upon their maturities, are of the opinion that the working capital available to the Group is sufficient for its requirements for at least 12 months from the date of this circular.

In the event that the above-mentioned cash flow projections and/or the extension of inter-company loan did not materialize as expected, the Group will explore and pursue alternative plans, including but not limited to potential equity or debt financing, to ensure the Group will have sufficient working capital for its operation.

4. MATERIAL ADVERSE CHANGE

Reference is made to the Company's interim report for the six months ended 30 June 2025 published on 25 September 2025. As disclosed in the interim report, in the first half of 2025, the Group faced ongoing challenges from weak consumer confidence, high interest rates, a sluggish real estate market, and Sino-US trade tensions, which restrained retail spending in both Hong Kong and Mainland China. In Hong Kong, sales declined amid outbound travel, e-commerce competition, and changing spending habits, though the Group sought improvement through private brand expansion, store optimization, and digital transformation. Mainland operations saw steady recovery but remained under deflationary pressure, with moderate sales declines and continued store expansion in the Greater Bay Area. Save for the abovementioned factors and challenges, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

According to various data from Hong Kong and Mainland China, the economy was gradually recovering in the first half of 2025. However, due to high interest rates, the continued decline in the real estate market, and the impact of the Sino-US trade war, consumer confidence in both regions remained sluggish, weighing on the overall performance of the retail market. In response to the rapidly changing market environment, the Group actively adjusted its business strategy and implemented internal reforms to lay a solid foundation for sustainable development.

HONG KONG OPERATIONS

According to preliminary government estimates, Hong Kong's GDP increased by 3.1% in real terms in the second quarter of 2025 compared with the same period last year, outperforming the increase in the first quarter. However, the provisional estimate of total retail sales value in Hong Kong for the first half of this year decreased by 3.3% compared with the same period last year, with overall consumption remaining weak. In addition, multiple structural factors, including the ongoing boom in both northbound and outbound travel of Hong Kong residents, the accelerated entry of e-commerce platforms from Mainland China into the Hong Kong market, and changes in the consumption patterns of inbound tourists, also continued to affect the performance of Hong Kong's retail industry, posing challenges to the Group's Hong Kong operations.

During the period under review, the Group continued to improve its procurement strategies and strengthened its product reform efforts to offer a more diverse range of products that cater for consumer needs and attract new customers. This included increasing the proportion of products under its private brands, such as TOPVALU, HÓME CÓORDY, PEACE FIT WARM/COOL, SELF SERVICE, and the newly launched ESSEME, the Group's first overseas women's fashion brand, to boost sales and profitability. In the first half of 2025, sales of the Group's private brands increased by approximately 30%. The Group actively capitalized on the booming IP character economy by launching a product line featuring the highly popular Japanese cartoon character "Opanchu Usagi", which won the favor of many customers. In addition, the Group expanded the range of products directly imported from Japan and Southeast Asia and organized themed promotional events such as the "Vietnamese Fair" to meet customers' demand for exotic tastes.

During the period under review, the Group continued to actively optimize its store network. This included the grand opening of AEON STYLE Kai Tak and the reopening of AEON STYLE Kornhill with a new look, offering diversified products, services and experiences tailored to the evolving needs of different target customers. Additionally, the Group strived to expand into different formats, especially small specialty stores such as Mono Mono, DAISO Japan and Living PLAZA by AEON, to increase profitability.

In response to market challenges, the Group implemented structural reforms to align with its strategic transformation. During the period under review, the Group adopted strategies such as optimizing human resource allocation, actively negotiating with landlords to reduce store rental costs, focusing on opening small specialty stores, and improving product management efficiency to address daily operational issues while maximizing benefits. In addition, the Group improved warehousing and logistics efficiency.

As for digital transformation and e-commerce, the Group expanded and optimized the application of electronic price tags, self-checkout systems and the “Mobile Assistant” during the period under review, which reduced inventory update times and streamlined checkout processes, further demonstrating its commitment to improving operational efficiency. In terms of sales, leveraging precise market positioning in the online space, the Group’s online platforms, particularly the AEON App, achieved sales growth in the first half of 2025.

During the first half of the year, revenue from the Group’s Hong Kong operations decreased by 5.97% to HK\$1,784.1 million (2024 1st half: HK\$1,897.4 million), and incurred a loss of HK\$162.0 million (2024 1st half: loss of HK\$144.3 million). However, if foreign exchange factors are excluded, the Hong Kong operation’s adjusted loss for the period would be HK\$140.8 million (2024 1st half: adjusted net loss of HK\$155.6 million), representing a 9.5% improvement compared with the same period last year. The adjusted indicator is calculated as the loss for the period minus exchange gains and losses. The management believes that excluding the effects of exchange gains and losses provides a more accurate reflection of the operational efficiency of the Group’s core business, helping investors assess its ongoing improvement trend.

The Hong Kong government has actively organized a series of major cultural and sports events, complemented by measures such as increasing duty-free allowances and optimizing visa procedures to attract tourists. In the first half of this year, the number of visitors to Hong Kong increased by 12% year-on-year to approximately 24 million, improving local consumer sentiment. The government also actively assisted the retail industry in adapting to market changes and shifts in tourist consumption patterns in various ways. For example, the government has allocated HK\$1.5 billion in the 2025-26 Budget for initiatives such as brand upgrading, domestic sales support, and export marketing funds, to help companies improve their local sales capabilities. However, the Sino-US trade war brought uncertainties to the second half of the year, and the unclear economic outlook continued to affect consumer confidence. Additionally, the shift in consumer spending patterns slowed the retail industry’s recovery, and the popularity of outbound travel and online shopping among Hong Kong residents made it even more difficult for consumption related to the local population to see significant improvement in the short term.

In the face of a constantly changing economic environment, the Group will continue to implement the following strategies to ensure business resilience and seize opportunities in the second half of the year. First, the Group will continue to advance product reform to increase sales of its private brands with higher gross profit margins. At the same time, the Group will seek more suitable cartoon IP brands for collaborative sales, optimize its product portfolio, and increase the import of goods directly from regions such as Japan and Southeast Asia to enhance its competitiveness through product differentiation.

The Group will also continue to increase its investment in digital transformation and e-commerce. For example, the Group will introduce smart shopping carts and AI loss prevention systems. At the same time, it will focus on optimizing membership management and launch a joint membership program with mainland companies to improve operational efficiency, promote sales, and provide customers with a more convenient and enjoyable shopping experience. The Group's WeChat Mini Program was launched in July to help attract more mainland customers to shop in-store and become Hong Kong AEON members. In addition, the Group plans to launch more smart retail solutions with its partners and expects to formally deepen its collaboration with AEON Credit Service under the proposed new bonus point platform in the future, creating greater synergy and helping drive sales and enhance customer loyalty.

Regarding store operations, the Group focused on expanding its small specialty store business, including brands such as Mono Mono, Living PLAZA by AEON and DAISO Japan. By leveraging flexible locations, relatively low rental costs, and a high-value product mix, the Group achieved cost savings and increased sales, thereby ensuring overall profitability. The Group opened the DAISO Japan North Point WORFU Store in July, further expanding its reach to more diverse consumer groups and needs. In July and August, the Group opened lifestyle specialty stores "Mono Mono" in Ngau Tau Kok and Tai Po Tai Yuen, offering a wide range of AEON's private brand products, including TOPVALU · HÓME CÓORDY and DAISO Japan products, and a variety of exclusive items directly imported from Japan and other regions.

The Group will continue to review and adjust its current operational and management systems, aiming to control costs and improve operational efficiency and productivity with meticulous financial management. The Group will further optimize logistics costs and has also introduced TOPVALU vending machines, which will be deployed into more suitable stores. These machines will help the Group control labor costs while boosting sales performance.

The Group will open at least three Mono Mono stores and one DAISO Japan store in the second half of the year, as planned, to strengthen the competitive advantage of its retail network in Hong Kong.

MAINLAND CHINA OPERATIONS

Mainland China's GDP increased by 5.2% year-on-year in the second quarter, representing a 0.2 percentage point slowdown from the growth rate in the first quarter. In the first half of the year, GDP grew by 5.3% year-on-year, which was higher than the full-year growth target of around 5% set at the "Two Sessions" in March 2025. In the first half of the year, total retail sales of consumer goods increased by 5.0% year-on-year, up 0.4 percentage point when compared with the growth recorded in the first quarter. In the first half of the year, Guangdong Province's GDP grew by 4.2% compared with

the same period last year. The total retail sales of consumer goods in the province increased by 3.5% year-on-year, with growth accelerating by 1.0 percentage point when compared with the first quarter. Owing to a series of proactive consumption stimulus policies introduced by the Chinese government, Mainland China's economy recovered steadily, but overall deflationary pressure remained.

During the period under review, the gross profit margin of the Mainland China operations increased slightly, mainly due to the substantial increase in sales of its private brands. Online sales also recorded a year-on-year increase, demonstrating the success of the Group's e-commerce deployment. The Group responded flexibly to market changes and capitalized on the surge in "northbound" consumption by Hong Kong residents. During the period under review, the Group opened five new stand-alone supermarkets, including Shenzhen Longgang Renheng Store, Foshan MixC Store, Guangzhou Hengbao Store, Guangzhou Lingzhan Store and Guangzhou Chengguanghui Store, which continuously won the favor and support of new and loyal customers in the Greater Bay Area (GBA) and further expanded the Group's presence in the GBA market. In addition, the Group actively reviewed the performance of each store, closing the Shenzhen Bao'an Store and completing the contract renewal of the Guangzhou Tianhe Store to adjust the store network layout and improve overall efficiency.

Revenue from the Mainland China operations in the first half of the year decreased slightly by 0.4% to HK\$2,146.6 million (2024 1st half: HK\$2,154.7 million), with a loss incurred amounting to HK\$66.1 million (2024 1st half: loss of HK\$37.0 million).

While the economic environment in Mainland China remains uncertain, the Group is cautiously optimistic about its business development prospects in the country. As the Mainland China's economy steadily recovers, various consumption stimulus measures introduced by the government are expected to effectively stimulate retail demand and create growth opportunities, particularly in key regions such as the GBA.

In addition to the above strategies, the Group will continue to accelerate the expansion of its business footprint in the GBA and proactively seize the opportunities presented by the trend of "northbound travel" among Hong Kong residents. The Group expects to open three AEON stores in the GBA as planned in the second half of the year (namely AEON Guangzhou Panyu K11 Store, AEON Jiangmen Lihe Store and AEON Guangzhou Tower Plaza Store), to further expand its store network and retail coverage in the region.

FINANCIAL REVIEW

In the first half of the year 2025, the Group's revenue decreased by 3.0% year-on-year to HK\$3,930.7 million (2024 1st half: HK\$4,052.1 million). Gross profit margin dropped by 0.4 percentage point to 28.0% (2024 1st half: 28.4%).

As for other income, rental income derived from sub-leases decreased by HK\$3.1 million (2024 1st half: decreased by HK\$6.3 million) coupled with the drop of platform collaboration income in the period by HK\$10.5 million, other income resulted in an overall decrease by 7.0% as compared with last year.

For operating expenses during the period under review, the Group's staff cost decreased by 14.4% and its ratio to revenue increased to 10.6% (2024 1st half: 12.0%). Expenses related to leases decreased by 1.6% and the ratio of expenses to revenue increased to 13.0% (2024 1st half: 12.8%). Other operating expenses, including advertising, promotion and selling expenses, maintenance and repair expenses (including building management fee), utility expenses, administrative expenses and other expenses, increased by 3.8% year-on-year and the ratio of other expenses to revenue was 13.4% (2024 1st half: 12.5%).

Included in other gains and losses, amongst others, was exchange loss of HK\$21.1 million (2024 1st half: exchange gain of HK\$11.3 million). No impairment loss for the six months ended 30 June 2025 and 2024 has been recognised against the carrying amounts of property, plant and equipment, and right-of-use assets respectively.

Due to the above changes, loss attributable to owners of the Company for the period under review was HK\$217.4 million (2024 1st half: loss of HK\$171.2 million), representing an increase of loss of HK\$46.2 million.

The Group's adjusted EBITDA for the period was loss HK\$158.3 million (2024 1st half: loss HK\$145.8 million), loss increased by HK\$12.5 million.

The Board has reviewed the dividend policy taking into account the following factors of the Company including its financial results, cash flow status, business conditions and strategies, future operations and revenue, capital requirements and expenditure plans, interests of shareholders, any restrictions on distribution of dividends and any other factors that it may consider relevant and has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (2024 1st half: HK\$ nil).

During the period under review, capital expenditure on opening new stores and store renovation in Hong Kong and Mainland China and the upgrade of information technology systems amounted to HK\$73.1 million.

The Group also entered into new lease agreements and lease modifications in the review period and recognized additional HK\$170.0 million (2024 1st half: HK\$787.3 million) of right-of-use assets and HK\$172.3 million (2024 1st half: HK\$826.8 million) of lease liabilities.

The Group maintained a net cash position with cash and bank balances and short-term time deposits amounting to HK\$814.9 million as at 30 June 2025 (31 December 2024: HK\$830.6 million). As at 30 June 2025, the gearing ratio (which is calculated on the basis of loan from ultimate holding company divided by total deficit) was -57.23% (31 December 2024: -53.32%). The increase in gearing ratio is due to the new borrowing from AEON Co Ltd, the ultimate holding company of the Group, amounting to HK\$145.7 million which further strengthened the group financial resources to finance future business operations.

As at 30 June 2025, deposits of HK\$34.4 million (31 December 2024: HK\$36.8 million) were pledged to the bank as guarantees of the rental deposits to landlords. Deposits of HK\$7.1 million (31 December 2024: HK\$7.0 million) were also pledged to regulatory bodies as guarantees for prepaid value cards sold.

The Group's total lease liabilities as at 30 June 2025 amounted to HK\$3,261.2 million (31 December 2024: HK\$3,463.9 million), of which HK\$722.7 million (31 December 2024: HK\$757.6 million) is payable within one year.

As at 30 June 2025, the Group's current liabilities exceeded its current assets by HK\$1,414.1 million (31 December 2024: net current liabilities of HK\$1,199.3 million). The directors considered that the Group has sufficient financial sources available to fund its operations in the foreseeable future and will be able to meet its financial obligations when they fall due.

Note 1: Management considered that the Adjusted EBITDA reflected more properly the Groups' earnings from its operations.

Reconciliation of Adjusted EBITDA	Six months ended	
	30.6.2025	30.6.2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(226,372)	(174,188)
Adjusting items for EBITDA		
Income tax expenses	743	748
Depreciation of investment properties	36,429	37,659
Depreciation of property, plant and equipment	70,791	67,231
Depreciation of rights-of-use assets	334,687	320,461
Interest on lease liabilities	110,010	96,616
Investment income	(5,432)	(7,790)
Interest income from rental deposits	(6,032)	(5,236)
Other gain and losses	21,866	(11,939)
Finance costs	2,987	—
Items for adjusted EBITDA		
Repayment of lease liabilities (included in consolidated cash flow statement)*	(387,997)	(372,751)
Interest on lease liabilities*	(110,010)	(96,616)
Rounding	5	5
Adjusted EBITDA	<u>(158,325)</u>	<u>(145,800)</u>

* The total of interest on lease liabilities and repayment of lease liabilities represents the rental payment as stated in the lease agreements. Both items are classified as cash flows under financing activities instead of operating activities.

HUMAN RESOURCES

As at 30 June 2025, the Group had approximately 4,929 full-time and 4,023 part-time employees in Hong Kong and Mainland China. Under the “Everything we do, we do for our customers” credo, and in order to deliver the highest standard of service to all customers, the Group will continue to upgrade the skills and professional knowledge of its employees by providing them with educational and career development opportunities. With a fair human resources system, the Group will create a positive work environment for staff and enhance the communication between on-site staff and the back-end support departments, building a system that facilitates prompt action to address business issues. The Group’s ultimate goal is to build AEON into a brand that benefits all customers.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the rental value of the Property, leased by the Group, as at 15 December 2025.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

10 March 2026

The Directors
AEON Stores (Hong Kong) Co., Limited
Units 07-11, 26/F, CDW Building
388 Castle Peak Road
Tsuen Wan
New Territories

Dear Sirs,

Re: Unit A2001, 2nd Floor, Nanwan Huafa Shopping Mall, 8 Zhuhai Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC.
(位於中華人民共和國廣東省珠海市香洲區珠海大道8號南灣華發商都二層A2001號店舖) (the “Property”)

Instructions, Purpose & Valuation Date

In accordance with the instructions of AEON Stores (Hong Kong) Co., Limited (the “**Company**”) for us to provide our opinion of the market rent of the Property leased to the Company or its subsidiary (collectively the “**Group**”) in the People’s Republic of China (the “**PRC**”) (as more particularly described in the attached valuation report), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the Property as of 15 December 2025 (the “**Valuation Date**”).

Valuation Basis

Our valuation of the Property represent its market rent which in accordance with HKIS Valuation Standards 2024 issued by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards.

Valuation Assumption

Our valuation of the Property excludes an estimated rent inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation has been made on the assumption that the lessor leases or lets the Property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the Property.

Unless otherwise stated, our valuation of the Property is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a lease.

Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the Property, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidence of similar properties to compare with the Property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Property.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Sustainability and Environmental, Social, and Governance

Sustainability and Environmental, Social, and Governance (“ESG”) factors are considerations which some market participants may take into account in their decision-making and may be reflected in pricing. In the course of our valuation, we have, where applicable, taken into account, to the extent that current market participants would, of the material sustainability features of the Property as observed from inspection, information supplied or notified to us by the Company. For the avoidance of doubt, our valuation does not constitute ESG risk assessments or ratings, which are outside our expertise and require additional specialists’ advice beyond the scope of the valuer.

Title Investigation

We have been provided with the copies of title documents relating to the Property in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property and we have therefore relied on the advice given by the Company regarding the interest of the Group in the Property.

In the course of our valuation of the Property, we have relied on the information and advice given by the Company and the Company’s PRC legal adviser (the “**Legal Adviser**”), Guangdong Huafa Law Firm, regarding the title to the Property. Unless otherwise stated in the legal opinion, in valuing the Property, we have assumed that the owner of the Property has an enforceable title to the Property and have free and uninterrupted rights to use, occupy, assign or lease the Property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copies of relevant documents provided by the Company are true and accurate.

Site Inspection

Mr. Alex Wei, with 5 years of experience in property valuation in the PRC, of our Guangzhou office inspected the exterior and, wherever possible, the interior of the Property on 20 March 2025. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MHKIS, MRICS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property leased by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 15 December 2025
Unit A2001, 2nd Floor, Nanwan Huafa Shopping Mall, 8 Zhuhai Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC. (位於中華人民共和國廣東省珠海市香洲區珠海大道8號南灣華發商都二層A2001號店舖)	<p>Nanwan Huafa Shopping Mall is located at Xiangzhou District, which is an affluent residential neighbourhood of Zhuhai. It is a comprehensive shopping mall comprising 4 storeys including a basement level (B1 to L3).</p> <p>It was completed in about 2014. Situated on Zhuhai Avenue, Nanwan Huafa Shopping Mall serves as a central hub for shopping, dining, and entertainment, with convenient access to major roads and public transportation.</p> <p>Nearby developments mainly consist of residential projects, education institutions and industrial premises.</p> <p>The Property comprises a retail unit on Level 2 of Nawan Huafa Shopping Mall.</p> <p>The landlord and the tenant (the Company) entered into a tenancy agreement on 15 December 2025 for about 15 years.</p> <p>Pursuant to the tenancy agreement provided by the Company, the total leased area being occupied is approximately 3,886 sq.m.</p>	As at the Valuation Date, the Property was vacant.	RMB294,400 (RENMINBI TWO HUNDRED NINETY FOUR THOUSAND AND FOUR HUNDRED per month, exclusive of value-added tax ("VAT"), building management fees, utilities charges and let for a tenancy of 15 years commencing on the Valuation Date (see Note 1))

Notes:

- (1) The rental valuation is conducted on the assumption that the Property is let for a term of 15 years from the Valuation Date without varying rent, turnover rent or rental incentive.
- (2) We have considered various rental comparables as available in the market and made appropriate adjustments to reflect the differences between the Property and the comparables in different aspects including but not limited to city, district (location and environment, transportation, accessibility, and customer base), the quality of the department store/shopping centre itself (decoration standard, visibility, etc.), storey, building age, size, and lease commencement date, etc. As at the Valuation Date, assuming the Property is freely disposable and transferable, the capitalised value of the market rent under this approximate 15-year tenancy would be in the range of RMB34,730,000. The adopted capitalisation rate is estimated by reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the Property, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rate adopted is reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.
- (3) According to Certificate of Real Estate Ownership No. 0096911, the real estate ownership of Huafa Shopping Mall with a site area of 140,781.40 sq m and with a total gross floor area of 60,376.51 sq m was vested in Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司) for a land use term expiring on 18 April 2047 for retail services use.

- (4) We have been provided with a legal opinion regarding the title of the Property by the Company's PRC Legal Adviser, which contains, inter alia, the following:
- (a) Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司) is the owner of the Property;
 - (b) the Property is subject to a mortgage;
 - (c) Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司) has the right to freely occupy, use, lease or dispose of the Property and has the right to lease it out on its own or delegate others to lease, but the exercise of the aforementioned rights is also subject to the agreements between Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司) and the mortgagees; and
 - (d) The lease agreement of the Property entered into between Zhuhai Huafu Business Development Co., Ltd.* (珠海華福商貿發展有限公司) (the landlord) and Guangdong AEON Teem Co., Ltd.* (廣東永旺天河城商業有限公司) (the tenant) is effective on the date it is stamped by both the landlord and the tenant. It shall be legally binding on both parties.
- (5) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) comparable properties are located in Guangdong Province; (ii) comparable properties are of larger size (no less than 2,000 sq.m.); and (iii) the nature of the comparable properties is similar to the Property (i.e. leased to a single anchor brand similar to AEON). The rental comparables identified by us are exhaustive in terms of the above criteria.

We have identified three relevant comparables for the Property. The unit rents of these comparables range between RMB41 per sq.m. per month and RMB63 per sq.m. per month.

Details of the identified rental comparables are listed below:

Rental Comparable	Leased Area <i>(sq.m.)</i>	Unit Rent Excluding VAT <i>(RMB/sq.m./month)</i>
Level 1 of a shopping mall at Zhuhai City	2,606	63
Basement Level 2 to the 5th Floor of a shopping mall at Huizhou City	67,934	57
Basement Level 1 to 2 of a shopping mall at Foshan City	11,942	41

The rental comparables are from our internal proprietary database, hence building names are not disclosed as restricted by confidential agreements to third parties.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects including but not limited to location, size, floor and other physical characteristics between the Property and the comparable properties. The general basis of adjustment is that if the Property is better than the comparable properties, an upward adjustment is made. Alternatively, if the Property is inferior or less desirable than the comparable properties, a downward adjustment is made.

The adjustments made to arrive at our valuation include but not limited to:

Adjustment	Range
Location and Transportation	+5% to +12%
Building Age	- 3% to +3%
Size	- 1% to +10%
Floor level	- 25% to +43%
Time	- 5% to +15%
Stepped rent provision	0% to +18%

In terms of location and transportation, the Property is superior to the three comparables because it is located in the central district of Zhuhai City; therefore, an overall upward adjustment is applied. Comparable 1 is less desirable than the Property as its location is less favorable. Comparables 2 and 3 are also less desirable than the Property because they are not located in district-level centers within their respective cities.

In terms of building age, the Property is older than Comparable 1 and newer than Comparables 2 and 3, therefore downward adjustment is applied to Comparable 1 and upward adjustments are applied to Comparables 2 and 3.

In terms of size, downward adjustment applied to Comparable 1 as it is smaller in size compared to the Property. Upward adjustment applied to Comparables 2 and 3 as they are larger in size compared to the Property.

Downward floor adjustment applied to Comparable 1 due to its proximity to Level 1 compared to the Property. Upward adjustments applied to Comparables 2 and 3 as they are less desirable than the Property for the floor levels.

In terms of time, an upward adjustment is applied to Comparable 1. A downward adjustment is applied to Comparable 2. No adjustment is made to Comparable 3 due to the similarity.

In terms of rental review, upward adjustment applied to Comparables 1 and 2 as their step rents are less desirable than the Property. No adjustment is made to Comparable 3.

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a market rent of RMB76 per sq.m. per month for a total leased area of 3,886 sq.m., equivalent to a sum of approximately RMB294,400 per month excluding VAT, building management fees and utilities charges.

Based on our independent adjustment of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the Property to be fair and reasonable.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTEREST IN SECURITIES

(A) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(a) The Company

Name of Director	Number of ordinary shares held as personal interests	Approximate percentage of interests
NAGASHIMA Takenori	12,000	0.00462%
HISANAGA Shinya	30,000	0.01154%

(b) AEON Co, the Company's ultimate holding company

Name of Director	Number of ordinary shares held as personal interests (note)	Approximate percentage of interests
GOTO Toshiya	6,300	0.00072%
HISANAGA Shinya	2,130	0.00024%

Note: The shareholding information above is confirmed by the respective Directors as at the Latest Practicable Date.

(B) Substantial Shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, none of the shareholders (other than Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial shareholder	Long Positions Number of ordinary shares held	Approximate percentage of the total number of issued shares
AEON Co	157,536,000 <i>(note)</i>	60.59%

Note: These shares are held as to 155,760,000 shares by AEON Co and 1,776,000 shares by AEON Credit Service (Asia) Company Limited ("ACS"). ACS is owned by AEON Co as to 294,888,000 shares representing 70.42% of the issued share capital of ACS. AEON Co is deemed to be interested in the 1,776,000 shares owned by ACS.

3. DIRECTORS' EMPLOYEMENT WITH SUBSTANTIAL SHAREHOLDER

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or proposed Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of substantial shareholder of the Company	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
GOTO Toshiya	AEON Co	Executive Officer
YOKOCHI Yasutoshi	AEON Co	General Manager of Overseas Company Management Department

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or proposed Directors and their respective close associates was interested in any business which competed, or was likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

7. MATERIAL CONTRACTS

Save for (i) the sale and purchase agreement dated 17 May 2024 entered into between the Company as vendor and AEON Financial Service (Hong Kong) Co., Limited as purchaser in relation to the disposal by the Company of 1,654,500 shares in AEON Credit at the total consideration of HK\$9,993,180 (details of which are set out in the announcements of the Company dated 17 May 2024 and 20 May 2024) and (ii) the sale and purchase agreement dated 28 July 2025 entered between the Company as vendor and AEON Financial Service (Hong Kong) Co., Limited as purchaser in relation to the disposal by the Company of 1,346,000 shares in AEON Credit at the total consideration of HK\$9,960,400 (details of which are set out in the announcements of the Company dated 28 July 2025), the Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Cushman & Wakefield Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

10. GENERAL

- (1) The registered office of the Company is at G-4 Floor, Kornhill Plaza (South), 2 Kornhill Road, Hong Kong.
- (2) The head office and principal place of business of the Company is at Units 07-11, 26/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong.
- (3) The share registrar of the Company is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (4) The secretary of the Company is Mr. Chan Kwong Leung, Eric who is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aeonstores.com.hk) for a period of 14 days from the date of this Circular:

- (a) the Lease Agreement;
- (b) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular; and
- (c) the written consent referred to in the section headed “Expert and Consent” of this appendix.