AEON STORES (HONG KONG) CO., LIMITED
永旺(香港)百貨有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 984)

ANNOUNCEMENT
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 MASTER AGREEMENT

Independent financial adviser to the Independent Board Committee and Independent Shareholders

FIRST
First Global Corporate Finance Co., Limited

Reference is made to the announcement of the Company dated 17 April 2026 in relation to the 2026 Master Agreement entered into between the Company and AGMd for the purchase of NB Merchandise by the Company from AGMd and for a term of three years commencing from the Effective Date and ending on 16 April 2029.

The Board has made a recent review on its transactions under the 2026 Master Agreement. In view of the actual business needs for the NB Merchandise and the Company's revised purchase projections, the Original Annual Caps are expected to be insufficient. The Board therefore would like to seek the approval of the Independent Shareholders, in relation to, among other matters, the revision of the Original Annual Caps set for the transactions under the 2026 Master Agreement.

As at the date of this announcement, AGMd is a connected person of the Company by virtue of it being a subsidiary of AEON Co, which in turn is a Controlling Shareholder of the Company. Accordingly, the transactions contemplated under the 2026 Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company proposes to revise the Original Annual Caps for the 2026 Master Agreement, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Revised Annual Caps exceeds 5%, the Revised Annual Caps and the transactions contemplated under the 2026 Master Agreement are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

At a Board meeting convened to consider the Revised Annual Caps, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Yasutoshi Yokochi, Mr. Tsukasa Konno and Mr. Wei Aiguo were regarded as potentially having a material interest in the 2026 Master Agreement and accordingly they are required to abstain from voting on the relevant board resolutions.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Annual Caps.

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

A circular containing, among other things, (i) further information on the Revised Annual Caps; (ii) the letter from the Independent Board Committee; (iii) the letter from Independent Financial Adviser; (iv) the notice of EGM with the proxy form; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 12 August 2026.

INTRODUCTION

Reference is made to the announcement of the Company dated 17 April 2026 in relation to the 2026 Master Agreement entered into between the Company and AGMd for the purchase of NB Merchandise by the Company from AGMd and for a term of three years commencing from the Effective Date and ending on 16 April 2029.

THE 2026 MASTER AGREEMENT

The principal terms of the 2026 Master Agreement are as follows:

Date

17 April 2026

Parties

(i) The Company, as purchaser; and

(ii) AGMd, as seller.

Term

The term of the 2026 Master Agreement shall be for a period of three years commencing from the Effective Date and ending on 16 April 2029. The parties to the 2026 Master Agreement may, subject to compliance with the Listing Rules, renew the 2026 Master Agreement.

Nature of Transactions

The Company will purchase from AGMd a variety of the NB Merchandise which AGMd procures from popular brand owners who are third parties independent of AEON Co, its subsidiaries and associates. Such merchandise covers a wide range of categories, such as fashion, food and household items, and would then be sold by the Company to retail customers at its general merchandise stores and supermarket stores.

Pricing

The sale and purchase of the NB Merchandise between the parties will be charged at such price being the Actual Costs plus a mark-up rate of 3% of the Actual Costs. The total price (being the Actual Costs plus a mark-up rate of 3% of the Actual Costs) shall be inclusive of the merchandise costs, agency fee, provision of product information, administration fee, sample fee, system registration fee and all other services incidental to the sale of the NB Merchandise by AGMd.

The prices offered by AGMd shall be no less favourable than (i) the prices available in the market for the same or similar merchandises; and (ii) the prices offered by AGMd to its other purchaser(s), if any, save and except certain difference in prices arising out of the difference in the relative location and the actual freight costs applicable to a purchasing party. There is no other fees payable by the Company in respect of the deliveries of the NB Merchandise to the Company's warehouse in Japan.

Rebates

AGMd may, taking into account factors such as purchase volume, promotions from manufacturers, its own budgets, results and profits earned, grant rebates to the Company as agreed mutually between the parties from time to time.

Sales Contracts

The Company shall enter into specific sale and purchase contracts with AGMd, which adopt the terms and conditions set out in the 2026 Master Agreement and the standard terms and conditions of the Company prevailing at the time of execution of the sale and purchase contract. The sale and purchase contracts will set out detailed terms (e.g. the payment terms) of the sale and purchase of merchandise.

Further Assistance

For the purposes of facilitating the Company's sourcing of merchandises, which would enable the Company to efficiently provide its general merchandise stores and supermarket stores with the required types and amounts of merchandise and maintain the competitiveness of its business, the Company and AGMd shall, as may be practicable in the circumstances, share with each other (on a strictly need-to-know basis) information relating to the purchasing, selling, stocking, pricing and specifications of each other's merchandise. AGMd shall, upon request by the Company and within a reasonable period of time, further provide such market information and data as may be required. Both the Company and AGMd have undertaken to keep all such information and data received or exchanged confidential.

In addition, AGMd agrees to allow the Company's auditors sufficient access to their records for the purpose of auditing and/or reporting on the transactions in accordance with the requirements of the Listing Rules.

Termination

The 2026 Master Agreement may be terminated by 3 month's prior written notice by either party. On termination, each sale and purchase contract then in force shall nevertheless continue in full force and effect for the remainder of the term of such sale and purchase contract, unless terminated in accordance with the terms of such contract.

Since commencement of the 2026 Master Agreement, the Company has been making purchases of the NB Merchandise from AGMd. Through these purchases, the Company and its various business teams involved in the handling the purchases are getting familiar with the operation procedures and requirements. The Company has procured certain items of NB Merchandise which the Company will be making regular purchases, including confectioneries, biscuits, oil, salad dressing/seasonings, soymilk, diapers, paperwares and ice cream products.

In response to the rapidly changing market environment and customers' demands, the Company considers it appropriate to enhance and enlarge the purchases from AGMd. The Directors have thus revised the business projections so that there will be gradual increase in the regular purchase items of the NB Merchandise and the increase in the selected frozen items of the NB Merchandise. In the revised business projections, the purchase volume will also be increased where the particular purchase is to meet with seasonal and/or promotional needs.

It is therefore expected that the transaction amounts for the purchase of NB Merchandise under the 2026 Master Agreement will exceed the Original Annual Caps. The Company has resolved to revise the Original Annual Caps to the Revised Annual Caps, while all the terms and conditions under the 2026 Master Agreement remain unchanged.

REVISION OF ANNUAL CAPS

The total transaction amounts for the actual purchase of NB Merchandise pursuant to the 2026 Master Agreement for the period from 17 April 2026 to 30 June 2026 was approximately HK$4.3 million which represents about 61.8% of the Original Annual Caps of HK$6.8 million for the period from 17 April 2026 to 31 December 2026. As at the date of this announcement, the Original Annual Caps have not been exceeded.

In view of the revised business projections, the Original Annual Caps are expected to be insufficient and the Directors have therefore revised the Original Annual Caps as follows:

Financial Year/Period	Original Annual Caps	Revised Annual Caps
17 April 2026 to 31 December 2026	HK$6.8 million	HK$14.0 million
1 January 2027 to 31 December 2027	HK$9.9 million	HK$22.0 million
1 January 2028 to 31 December 2028	HK$9.9 million	HK$26.0 million
1 January 2029 to 16 April 2029	HK$2.9 million	HK$7.8 million

The Revised Annual Caps have been determined with reference to the historical transaction amounts under the 2026 Master Agreement and the revised business projections which encompass gradual increase in the regular purchase items of NB Merchandise, increase in the selected frozen items of NB Merchandise and increase in purchase of NB Merchandise to meet seasonal and promotional needs.

Notwithstanding the revision of the Original Annual Caps, all the terms and conditions of the 2026 Master Agreement remain unchanged.

REASONS FOR THE REVISION OF ANNUAL CAPS

AGMd has been set up by AEON Co to place bulk-purchase orders for the NB Merchandise after having gathered and coordinated demands from all the members in the different retail lines of the AEON Group in Japan. By taking advantage of the vast combined demands created by thousands of the retail outlets of the AEON Group, AGMd is in a good position to negotiate with independent brand owners to obtain better discounts for the purchase of the NB Merchandise, which in turn, is enjoyed by the retail members of the AEON Group.

As a retail outlet operator, the Group has been procuring from independent suppliers for the same or similar merchandise as those procured by AGMd for other members of the AEON Group. In order to enjoy the benefits derived from the aggregated purchasing/bargaining power of AGMd which may in turn enhance the Company's control on merchandise costs and gross profit margins, the Company and AGMd entered into the 2026 Master Agreement on 17 April 2026.

Further, the Group plans to accelerate the expansion of its specialty-store format with the target of opening more AEON Mono Mono Stores in Hong Kong. In parallel, the Group is actively pursuing opportunities to enhance its product differentiation and competitiveness. This includes expanding the range of products such as dairy products, health and beauty products and frozen products.

The planned opening of additional stores, coupled with the broadened product assortment and increased stocking requirements for both regular operations and seasonal/promotional needs, will generate substantially higher demand for the NB Merchandise. As a result, the Company expects to place significantly larger purchase orders with AGMd than original projected.

The Directors have been carefully monitoring the historical transacted amounts and estimated transaction amounts under the 2026 Master Agreement. In view of the strategic initiative and the corresponding increase in purchase volume, the Company will be making more purchases of the NB Merchandise than originally expected under the previous business projections based on which the Original Annual Caps were prepared. In view of the revised business projections, the Directors expect that the Original Annual Caps will be exceeded and therefore propose to revise the Original Annual Caps to the Revised Annual Caps.

The Directors, including all the independent non-executive Directors, are of the view that (i) the entering into of the 2026 Master Agreement and the transaction contemplated thereunder are in the ordinary and usual course of business of the Group; (ii) the terms of the 2026 Master Agreement and the transactions contemplated thereunder are on normal commercial terms; and (iii) the terms of the 2026 Master Agreement, the transactions contemplated thereunder, together with the Revised Annual Caps, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

At a Board meeting convened to consider the Revised Annual Caps, Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Yasutoshi Yokochi, Mr. Tsukasa Konno and Mr. Wei Aiguo were regarded as potentially having a material interest in the 2026 Master Agreement and accordingly they are required to abstain from voting on the relevant board resolutions.

INTERNAL CONTROL

In order to ensure that the Company's total cost for its purchase of merchandise from AGMd is no less favourable than that from independent supplier(s), the Company has set up mechanism for the direct import team and the buying office of the Company. The Company has devised purchase plan of the target merchandise and the respective quantity. The direct import team will check, among others, the latest prices quoted by AGMd and the other charges and costs in procuring the merchandise while the buying office will update the quoted prices as collected and/or received by the Company from the relevant independent suppliers regularly. The direct import team shall be responsible to compare the total cost of the Company for the purchase of the relevant merchandise from AGMd at the time when effecting the particular purchase against the then quoted prices from the independent supplier(s). It is only when the total cost of the Company for the purchase of the merchandise from AGMd is no less favourable than the total costs from the independent supplier(s), the direct import team will place purchase order with AGMd for the compared merchandise. Records of such comparison shall be documented as proof for subsequent verification by the Company's Connected Party Transaction Panel.

As part of the Group's internal control systems, the Company's Connected Party Transaction Panel, comprising the administrative general manager, legal senior manager, corporate planning senior manager, corporate communication senior manager, finance manager and the finance/administration general managers of two subsidiaries of the Company, will assist the Directors to review and monitor all connected transactions of the Group including the transactions under the 2026 Master Agreement.

The Connected Party Transaction Panel generally holds meetings biweekly to review and monitor all continuing connected transactions of the Group (including the transactions contemplated under the 2026 Master Agreement). Whilst the finance departments of the relevant members of the Group will conduct the initial level of control over the transactions and the transaction amounts under the 2026 Master Agreement to ensure they are conducted within the frameworks and the annual caps of the 2026 Master Agreement.

INFORMATION ABOUT THE PARTIES

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

AGMd is principally engaged in merchandise procurement for members of the AEON Group with its mission to maximize AEON Group's purchasing volume, to consolidate business negotiations with business partners and manufacturers and to reduce costs by aggregating demands from group companies.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AGMd is a connected person of the Company by virtue of it being a subsidiary of AEON Co, which in turn is a Controlling Shareholder of the Company. Accordingly, the transactions contemplated under the 2026 Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company proposes to revise the Original Annual Caps for the 2026 Master Agreement, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Revised Annual Caps exceeds 5%, the Revised Annual Caps and the transactions contemplated under the 2026 Master Agreement are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

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

An Independent Board Committee comprising Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling, each an independent non-executive Director with no material interest in the transactions under the 2026 Master Agreement and the Revised Annual Caps, has been formed to advise the Independent Shareholders as to whether the terms of the 2026 Master Agreement in respect of the Revised Annual Caps and the transactions under the 2026 Master Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

First Global Corporate Finance Co., Limited has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Revised Annual Caps. At the EGM, an ordinary resolution approving the Revised Annual Caps shall be proposed and, if thought fit, approved by the Independent Shareholders.

In view of AEON Co's interests in the 2026 Master Agreement, AEON Co, which as at the date of this announcement beneficially holds 155,760,000 shares in the Company (representing approximately 59.91% of the issued shares in the Company), and its associates (namely, AEON Credit Service (Asia) Company Limited, which is a subsidiary of AEON Co and as at the date of this announcement is a beneficial owner of 1,776,000 shares in the Company, representing approximately 0.68% of the issued shares in the Company) are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Revised Annual Caps.

As such, AEON Co and AEON Credit Service (Asia) Company Limited, which (i) in aggregate beneficially own and control 157,536,000 shares in the Company (representing approximately 60.59% of the issued shares in the Company) and (ii) are entitled to exercise control over the voting rights in respect of their respective shares in the Company, shall abstain from voting at the EGM under the Listing Rules.

Mr. Takenori Nagashima, Mr. Shinya Hisanaga, Mr. Yasutoshi Yokochi, Mr. Tsukasa Konno and Mr. Wei Aiguo were regarded as potentially having a material interest in the 2026 Master Agreement. Accordingly, they have abstained from voting on the relevant resolutions at the Board meeting convened to consider the Revised Annual Caps. For the same reason, Mr. Takenori Nagashima (who as at the date of this announcement beneficially holds 12,000 shares in the Company, representing approximately 0.00462% of the issued shares in the Company) and Mr. Shinya Hisanaga (who as at the date of this announcement beneficially holds 30,000 shares in the Company, representing approximately 0.01154% of the issued shares in the Company), will also abstain from voting on the relevant resolution as Shareholders at the EGM. Apart from the above persons, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolutions at the EGM.

CIRCULAR

A circular containing, among other things, (i) further information on the Revised Annual Caps; (ii) the letter from the Independent Board Committee; (iii) the letter from Independent Financial Adviser; (iv) the notice of EGM with the proxy form; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders no later than 12 August 2026.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"2026 Master Agreement"	the master agreement dated 17 April 2026 entered into between the Company and AGMd in respect of the purchases of the NB Merchandise by the Company from AGMd
"Actual Cost"	the actual costs of the merchandises paid and/or payable to the manufacturers, factories and/or suppliers who are independent third parties from AEON Co, its subsidiaries and/or associates

"AEON Co"	AEON Co., Ltd., a company incorporated in Japan with limited liability, the issued shares of which are listed on the Tokyo Stock Exchange
"AEON Group"	AEON Co and its subsidiaries (unless the context otherwise requires, excluding members of the Group)
"AGMd"	AEON Global Merchandising Company Limited, a company incorporated in Japan with limited liability, and a wholly owned subsidiary of AEON Co
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors from time to time
"Company"	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 984)
"connected person"	has the meaning ascribed thereto under the Listing Rules
"continuing connected transactions"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s), including the independent non-executive directors of the Company from time to time
"Effective Date"	the effective date of the 2026 Master Agreement, being 17 April 2026
"EGM"	the extraordinary general meeting of Shareholders (and any adjournment thereof) to be held to consider, among other matters, the resolution relating to the Revised Annual Caps
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising all independent non-executive Directors, namely Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling
"Independent Financial Adviser"	First Global Corporate Finance Co., Limited, a corporation licenced to carry out Type 6 (Advising on Corporate Finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps

"Independent Shareholders"	Shareholders other than those who have a material interest in the 2026 Master Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on Stock Exchange
"NB Merchandise"	merchandise of various popular brands which are made widely available in the market by the respective brand owners who are third parties independent of AEON Co, its subsidiaries and associates
"Original Annual Caps"	the annual caps in respect of the 2026 Master Agreement for the three years ending on 16 April 2029, as disclosed in the announcement of the Company dated 17 April 2026
"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administration Region of the PRC and Taiwan
"Revised Annual Caps"	the revised annual caps in respect of the 2026 Master Agreement for the three years ending on 16 April 2029, as set out in this announcement
"Shareholders"	the holders of the shares of the Company from time to time
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 27 July 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. Tsukasa Konno, Mr. Wei Aiguo and Mr. Yasutoshi Yokochi; and the Independent Non-executive Directors are Mr. Hideto Mizuno, Ms. Shum Wing Ting and Ms. Wong Mei Ling.