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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 900)

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 15 April 2008 in relation to the continuing connected transaction with AEON Stores under the Master Agreement.

As the Master Agreement expired on 14 April 2011, the Company and AEON Stores have on 15 April 2011 entered into the Renewal Agreement to extend the term of the Master Agreement for a further term of three years.

AEON Stores is a fellow subsidiary of the Company. Accordingly, the Renewal Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Commission Transactions under the Renewal Agreement is less than 5%, the Commission Transactions are only subject to the reporting, announcement and annual review requirements and exempt from independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 April 2008 in relation to the continuing connected transaction with AEON Stores under the Master Agreement.

As the Master Agreement expired on 14 April 2011, the Company and AEON Stores have on 15 April 2011 entered into the Renewal Agreement to extend the term of the Master Agreement for further three years.

RENEWAL AGREEMENT

On 15 April 2011, the Company and AEON Stores entered into the Renewal Agreement for a term of three years commencing on 15 April 2011 and ending on 14 April 2014. The Renewal Agreement may be terminated by either party prior to the expiry of the fixed term by giving not less than 90 days' prior written notice of termination to the other party and may be renewed on such terms and conditions as the parties may mutually agree.

Pursuant to the Renewal Agreement, the Company would receive commissions from AEON Stores in respect of the Commission Transactions. The commissions are calculated on the basis of a fixed percentage of the transaction value of the Commission Transactions.

The commission rates payable to the Company by AEON Stores in respect of the Commission Transactions are determined by agreement between the parties from time to time

after negotiations at arm's length. In negotiating and agreeing the commission rates and other terms of the Commission Transactions with AEON Stores, the Company takes into account the prevailing market commission rates for similar types of transactions that are offered by the Company to third parties and gives credit to AEON Stores for business volume generated from the Commission Transactions. The payment terms for the Commission Transactions range from 10 to 40 days.

In accordance with the Renewal Agreement, the Company and AEON Stores may also enter into additional Commission Transactions in respect of such other credit cards, credit purchase facilities, card instalment facilities and/or hire purchase facilities as may be provided by the Company to customers of AEON Stores from time to time. The commissions payable by AEON Stores to the Company for such additional Commission Transactions shall be at such rates and on such terms as may be agreed between the parties from time to time after arms-length negotiations, which rates and terms shall be determined on the same basis as disclosed herein.

ANNUAL CAPS

The annual caps and the commissions received by the Company from AEON Stores in respect of the Commission Transactions for each of the three financial years ended 20 February 2009, 2010 and 2011 are set out below:

<u>Financial Year/Period</u>	<u>Annual Caps</u>	<u>Commissions</u>
15/4/2008 to 20/2/2009	HK\$13,500,000	HK\$ 9,544,000
21/2/2009 to 20/2/2010	HK\$15,800,000	HK\$11,288,000
21/2/2010 to 20/2/2011	HK\$15,800,000	HK\$10,606,000
21/2/2011 to 14/4/2011	HK\$ 2,300,000	HK\$ 1,208,000

It is estimated that the maximum aggregate amount of commissions payable by AEON Stores to the Company in respect of the Commission Transactions under the Renewal Agreement would not exceed the Annual Caps set out below:

<u>Financial Year/Period</u>	<u>Annual Caps</u>
15/4/2011 to 20/2/2012	HK\$ 13,677,000
21/2/2012 to 20/2/2013	HK\$ 16,000,000
21/2/2013 to 20/2/2014	HK\$ 16,000,000
21/2/2014 to 14/4/2014	HK\$ 2,323,000

The Annual Caps have been determined with reference to the historical value of the Commission Transactions and the anticipated business growth of the Company in the coming three years plus a buffer to provide flexibility for possible changes in the volume of the Commission Transactions.

REASONS FOR THE COMMISSION TRANSACTIONS

The Company is principally engaged in the provision of consumer credit finance services, which include the issuance of credit cards and the provision of personal loan financing and hire purchase financing for vehicles and household and other consumer products.

AEON Stores is principally engaged in the operation of general merchandise stores.

The Company is issuing credit cards as well as providing credit purchase facilities, card instalment facilities and hire purchase facilities to customers of AEON Stores. It is in the interest of the Company to continually engage in the Commission Transactions as they are beneficial to the business and profitability of the Company.

The Directors of the Company, including the Independent Non-executive Directors, consider that the Renewal Agreement is entered into in the ordinary and usual course of business of the Company, the terms of Renewal Agreement are on normal commercial terms, and both the terms of the Renewal Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

AEON Stores is a connected person of the Company within the meaning of the Listing Rules by virtue of its being 71.64% owned by **AEON** Co., Ltd., which in turn is a substantial shareholder of the Company interested in approximately 66.22% of the issued share capital of the Company. Accordingly, the Renewal Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Commission Transactions under the Renewal Agreement is less than 5%, the Commission Transactions are only subject to the reporting, announcement and annual review requirements and exempt from independent shareholders' approval requirements under the Listing Rules. Details of the Commission Transactions will be included in the next published annual report and accounts of the Company.

As none of the Directors of the Company has a material interest in the Commission Transactions, no Director has abstained from voting on the board resolutions approving the Commission Transactions.

DEFINITIONS

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

“AEON Stores” AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

“Annual Caps” the annual caps under the Renewal Agreement

“Commission Transactions”	transactions entered into between the Company and AEON Stores from time to time pursuant to which the Company receives commissions from AEON Stores in respect of purchases made by customers using certain credit cards issued by the Company including but not limited to AEON JUSCO MasterCard, AEON JUSCO American Express Credit Card, AEON JUSCO VISA Card, AEON JUSCO JCB Card, AEON JUSCO UnionPay Credit Card and any other co-branded credit cards and purchases made by customers which are financed by card instalment facilities, hire purchase facilities and other credit facilities provided by the Company
“Company”	AEON Credit Service (Asia) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 14 April 2008 entered into between the Company and AEON Stores in respect of the Commission Transactions
“Renewal Agreement”	the agreement dated 15 April 2011 entered into between the Company and AEON Stores, particulars of which are set out in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 15 April 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Masanori Kosaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Mr. Tomoyuki Kawahara (Senior Executive Director), Mr. Fung Kam Shing, Barry, Ms. Koh Yik Kung and Mr. Toshiya Shimakata as Executive Directors; Mr. Kazuhide Kamitani (Chairman) and Mr. Takatoshi Ikenishi as Non-executive Directors; and Dr. Hui Ching Shan, Mr. Wong Hin Wing and Professor Tong Jun as Independent Non-executive Directors.