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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED 
AEON 信貨財務(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 900)

CONTINUING CONNECTED TRANSACTIONS

The Company (i) has been receiving commission (“Commission”) from AEON Stores for providing credit purchase and hire purchase facilities to customers, and (ii) has been paying service fees (“Service Fees”) to AEON Shenzhen for providing call centre services to the Company.

Each of the above transactions constitutes a continuing connected transaction for the Company under Rule 14.25(1) of the Listing Rules in force immediately prior to 31st March 2004 (“Old Listing Rules”) and under Rule 14A.34 of the Listing Rules.

BACKGROUND

Reference is made to the announcements of AEON Credit Service (Asia) Company Limited (the “Company”) dated 2nd January 2004 and 30th April 2003 in relation to the continuing connected transactions with AEON Stores (Hong Kong) Co., Limited (“AEON Stores”) and AEON Information Service (Shenzhen) Co., Ltd. (“AEON Shenzhen”).

The Company has been receiving Commission from AEON Stores in respect of certain purchases made by customers with the use of certain credit cards issued by the Company and certain purchases

made by customers which are financed by interest-free hire purchase facilities provided by the Company pursuant to agreements entered into between the Company and AEON Stores prior to 31st March 2004.

The Company has been paying Service Fees to AEON Shenzhen for providing call centre services to the Company pursuant to an agreement entered into between the Company and AEON Shenzhen prior to 31st March 2004.

The total amount of Commission received by the Company from AEON Stores and the total amount of Service Fees paid by the Company to AEON Shenzhen for the three financial years ended 20th February 2002, 2003 and 2004 are as follows:

	Commission <i>(HK\$)</i>	Percentage of NTA <i>(Note)</i>	Service Fees <i>(HK\$)</i>	Percentage of NTA <i>(Note)</i>
2002	20,392,000	1.93%	6,098,000	0.58%
2003	18,252,000	1.63%	8,371,000	0.75%
2004	13,543,000	1.14%	8,663,000	0.73%

Note: Based on the net tangible assets of the Company in accordance with Rule 14.25(1) of the Old Listing Rules.

As neither the total amount of Commission received by the Company from AEON Stores nor the total amount of Service Fees paid by the Company to AEON Shenzhen exceeded the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company as disclosed in its published audited accounts for the three financial years ended 20th February 2004, the continuing connected transactions have been subject to the reporting and announcement requirements under Rule 14.25(1) of the Old Listing Rules.

For the period from 21st February 2004 to 20th July 2004, the total amount of Commission received by the Company from AEON Stores and the total amount of Service Fees paid by the Company to AEON Shenzhen amounted to HK\$4,524,000 and HK\$3,891,000 respectively.

The directors of the Company, including the independent non-executive directors, are of the view that the continuing connected transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms, negotiated on an arm's length basis with reference to the prevailing market conditions, and are fair and reasonable and in the interests of the Company and its shareholders as a whole. The directors of the Company consider it to be in the interests of the Company to continually engage in the continuing connected transactions as they are beneficial to the business and profitability of the Company.

LISTING RULES REQUIREMENTS

In view of the changes to the Listing Rules which have come into effect on 31st March 2004, the Company is required to take appropriate steps to ensure compliance with the Listing Rules.

It is estimated that the total annual Commission and Service Fees for the financial year ending 20th February 2005 will not exceed HK\$15,897,500 and HK\$12,775,500 respectively. Such caps are determined based on the historical transaction volume and anticipated business growth of the Company. Based on the caps, each of the applicable percentage ratios for each of the continuing connected transactions is less than 2.5%. As such, the continuing connected transactions fall under continuing connected transactions exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules and the Company is required to comply with Rule 14A.35 of the Listing Rules.

The Company will use best endeavours to (i) enter into a new agreement with each of AEON Stores and AEON Shenzhen to record the respective continuing connected transactions in

accordance with Rule 14A.35 of the Listing Rules, and (ii) comply with all applicable connected transactions requirements under the Listing Rules, as soon as practicable before the financial year ending 20th February 2005. Further announcement will be made as and when appropriate.

Details of the continuing connected transactions will be included in the Company's next published annual report and accounts.

GENERAL

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

AEON Stores, a company listed on The Stock Exchange of Hong Kong Limited and is principally engaged in the operation of general merchandise stores, is a non-wholly-owned subsidiary of **AEON** Co., Ltd., which is a substantial shareholder of the Company indirectly interested in approximately 66.22% of the issued share capital of the Company.

AEON Shenzhen, a company established in the People's Republic of China and is principally engaged in the provision of call center services, is jointly owned by the Company and **AEON** Credit Service Co., Ltd., which is a substantial shareholder of the Company interested in approximately 51.94% of the issued share capital of the Company.

AEON Stores and AEON Shenzhen are therefore connected persons of the Company as defined under the Listing Rules and the continuing connected transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

By order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 27th August 2004

As at the date of this announcement, the executive directors of the Company are Mr. Masanori Kosaka (Managing Director), Mr. Lai Yuk Kwong and Ms. Koh Yik Kung; the non-executive directors are Mr. Yoshiki Mori (Chairman), Mr. Kazuhide Kamitani and Mr. Yoichi Kimura; and the independent non-executive directors are Dr. Shao You Bao and Mr. Tsang Wing Hong.

“Please also refer to the published version of this announcement in *The Standard*”.