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

AEON

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 900)

### CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 27th August 2004 in relation to the continuing connected transactions with AEON Stores and AEON Shenzhen respectively.

The Company has entered into an agreement each with AEON Stores and AEON Shenzhen to comply with the Listing Rules.

#### BACKGROUND

Reference is made to the announcement of AEON Credit Service (Asia) Company Limited (the “**Company**”) dated 27th August 2004 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**”).

AEON 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 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 under the Listing Rules and the continuing connected transactions with AEON Stores and AEON Shenzhen constituted connected transactions for the Company under the Listing Rules.

#### COMMISSION TRANSACTIONS

The Company has been receiving commissions from AEON Stores in respect of certain purchases made by customers with the use of certain credit cards issued by the Company, including AEON JUSCO MasterCard, AEON JUSCO American Express Credit Card, AEON JUSCO VISA Card and other co-brand credit cards, and certain purchases made by customers which are financed by interest-free hire purchase facilities provided by the Company (“**Commission Transactions**”).

In order to comply with Rule 14A.35(1) of the Listing Rules, the Company entered into an agreement on 15th April 2005 with AEON Stores for a fixed term of three years commencing from 15th April 2005 (the “**Master Agreement**”) to govern all the Commission Transactions. The Master Agreement may be terminated by either the Company or AEON Stores prior to the expiry of the fixed term by giving not less than ninety days’ prior written notice of termination and may be renewed on such terms and conditions as the Company and AEON Stores may mutually agree.

Under the Master Agreement, the Company shall continue to 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 have been fixed by agreement between the Company and AEON Stores from time to time after negotiations at arm’s length. In negotiating and agreeing the commission rates and other terms of the Commission Transactions, the Company took into account the prevailing market commission rates for similar types of transactions that are offered by the Company to third parties and gave credit to AEON Stores for business volume generated from the Commission Transactions.

In order to provide flexibility for future Commission Transactions, and subject to compliance with the Listing Rules, the Company and AEON Stores have also agreed under the Master Agreement that commissions shall be paid by AEON Stores to the Company in respect of such other credit cards, hire purchase facilities and/or other credit purchase facilities as may be provided by the Company at such rates and on such terms as may be agreed between the Company and AEON Stores from time to time, which rates and terms shall be determined on the same basis as disclosed herein.

#### SERVICE TRANSACTIONS

The Company has been paying service fees to AEON Shenzhen for providing call centre services to the Company including customer service, telemarketing and accounts management (“**Service Transactions**”) pursuant to a service agreement entered into between the Company and AEON Shenzhen (the “**Service Agreement**”).

In order to comply with Rule 14A.35(1) of the Listing Rules, the Company entered into a supplemental agreement on 15th April 2005 with AEON Shenzhen (the “**Supplemental Agreement**”) to amend the term of the Service Agreement to a fixed term of three years expiring on 14th April 2008. The Service Agreement may be terminated by either the Company or AEON Shenzhen prior to the expiry of the fixed term by giving not less than ninety days’ prior written notice of termination and may be renewed on such terms and conditions as the Company and AEON Shenzhen may mutually agree.

Under the Supplemental Agreement, the Company shall continue to pay service fees to AEON Shenzhen for the Service Transactions and the service fees paid by the Company to AEON Shenzhen in respect of such services as may be provided by AEON Shenzhen to the Company shall be at such rates and on such terms as may be agreed between the Company and AEON Shenzhen from time to time, which rates and terms are determined by reference to the time spent and expenses incurred in performance of the services plus a performance incentive. Save as aforesaid, all the other terms of the Service Agreement remain unchanged.

## **ANNUAL CAP FOR THE TRANSACTIONS**

The directors estimate that the maximum aggregate annual value for (i) the Commission Transactions under the Master Agreement, and (ii) the Service Transactions under the Supplemental Agreement, will not exceed HK\$20,890,000 (the “**Commission Cap**”) and HK\$16,400,000 (the “**Service Cap**”) respectively. The Commission Cap has been determined by reference to the highest annual amount of commissions received by the Company from AEON Stores during the past three years to which a cushion of 15% has been added to provide flexibility to take account of possible changes in the volume of the Commission Transactions. The average commission received by the Company from AEON Stores in the past three years was HK\$14,300,000. The Service Cap has been determined by reference to the average historical value of HK\$8,800,000 paid by the Company in the past three years and the anticipated increase in the business volume of the Company.

It is expected that the applicable percentage ratios for each of the Commission Transactions and Service Transactions (the “**Transactions**”) will be less than 2.5%. In accordance with Rule 14A.34 of the Listing Rules, the Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval. Details of the Transactions will be included in the Company’s next published annual reports and accounts.

The Company will comply with the continuing obligations under Rules 14A.37 to 14A.41 of the Listing Rules and will re-comply with the relevant Listing Rules if the Commission Cap or the Service Cap is exceeded, when the Master Agreement or the Service Agreement is renewed and when there is a material change to its respective terms.

## **REASONS FOR ENTERING INTO THE TRANSACTIONS**

The directors of the Company, including the independent non-executive directors, are of the view that the Transactions, the Master Agreement and the Supplemental Agreement 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 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, including the independent non-executive directors, consider it to be in the interests of the Company to continually engage in the Transactions as they are beneficial to the business and profitability of the Company.

## **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, is principally engaged in the operation of general merchandise stores.

AEON Shenzhen, a company established in the People’s Republic of China, is principally engaged in the provision of call center services.

By order of the Board  
**Masanori Kosaka**  
*Managing Director*

Hong Kong, 20th April 2005

*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, Mr. Tsang Wing Hong and Mr. Wong Hin Wing.*

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