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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)

CONNECTED TRANSACTION

On 25th August 2005, the Company subscribed for 550 new shares in ACMC for a consideration of Japanese Yen 55,000,000 (equivalent to approximately HK\$3,850,000). Upon completion of the subscription, ACMC will be owned as to 83.3% by AEON Credit Japan and 4.6% by the Company.

As ACMC is a subsidiary of AEON Credit Japan, which is a substantial shareholder of the Company, ACMC is a connected person of the Company for the purposes of the Listing Rules and the subscription constitutes a connected transaction for the Company under the Listing Rules.

Since the relevant percentage ratios calculated under the Listing Rules in respect of the subscription is less than 2.5%, the subscription is only subject to the reporting and announcement requirements and is exempt from independent shareholders' approval requirements under the Listing Rules.

SUBSCRIPTION OF SHARES

Date	25th August 2005
Parties	(1) AEON Credit Service (Asia) Company Limited (the "Company") (2) ACS Credit Management Co., Ltd. ("ACMC")
Subscription	550 new shares at the issue price of Japanese Yen 100,000 each in ACMC, representing 4.6% of the entire issued share capital of ACMC
Consideration	Japanese Yen 55,000,000 (equivalent to approximately HK\$3,850,000) payable in cash upon completion and funded by the internal resources of the Company
Completion	31st August 2005

The above consideration was based on the audited net asset value of ACMC as at 20th February 2005.

INFORMATION ON ACMC

ACMC is a company incorporated in Japan with limited liability. Prior to the subscription, ACMC was a wholly-owned subsidiary of AEON Credit Service Co., Ltd. ("AEON Credit Japan"). The core business activities of AEON Credit Japan are credit card and personal loan business. The principal business of ACMC is the provision of credit management services, focusing on collection of receivables for credit card companies, telecommunications companies and utility companies.

As at 20th February 2005, the audited total asset value of ACMC was approximately Japanese Yen 1,202,000,000 (equivalent to approximately HK\$84,000,000) and the audited net asset value of ACMC was approximately Japanese Yen 100,000 per share (equivalent to approximately HK\$7,000 per share). For the financial year ended 20th February 2004, the audited net profits before and after taxation and extraordinary items of ACMC were approximately Japanese Yen 268,000,000 (equivalent to approximately HK\$19,000,000) and Japanese Yen 158,000,000 (equivalent to approximately HK\$11,000,000) respectively. For the year ended 20th February 2005, the audited net profits before and after taxation and extraordinary items of ACMC were approximately Japanese Yen 305,000,000 (equivalent to approximately HK\$21,000,000) and Japanese Yen 181,000,000 (equivalent to approximately HK\$13,000,000) respectively.

Upon completion of the subscription, ACMC will be owned as to 83.3% by AEON Credit Japan and 4.6% by the Company.

REASONS FOR THE SUBSCRIPTION

The Company has been providing credit management services to external corporate clients in the telecommunications, insurance and education sectors since 2003 and is planning to expand its clientele in the other sectors, in particular the utility sector. Since ACMC is a specialized company in the credit management industry in Japan, the subscription will provide an opportunity for the acquisition of its know-how and expertise, as well as providing for future co-operation between the Company and ACMC in expanding the Company's credit management business.

The directors of the Company, including the independent non-executive directors, are of the view that the terms of the subscription are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

CONNECTED TRANSACTION

As ACMC is a subsidiary of AEON Credit Japan, which is a substantial shareholder of the Company interested in approximately 51.9% of the issued share capital of the Company, ACMC is a connected person of the Company for the purposes of the Listing Rules and the subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the relevant percentage ratios calculated under the Listing Rules is less than 2.5%, the subscription is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the subscription will be included in the next published annual report and accounts 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.

By order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 29th August 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.”