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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)

CONNECTED TRANSACTION

On 12th September 2005, the Company subscribed for 300,000 new shares in ACSM for a consideration of Malaysia Ringgit (MR) 900,000 (equivalent to approximately HK\$1,900,000). Upon completion of the subscription, ACSM will be owned as to 85.9% by AEON Credit Japan and 2.5% by the Company.

As ACSM is a subsidiary of AEON Credit Japan, which is a substantial shareholder of the Company, ACSM 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	12th September 2005
Parties	(1) AEON Credit Service (Asia) Company Limited (the "Company") (2) AEON Credit Service (M) Sdn. Bhd. ("ACSM")
Subscription	300,000 new shares at the issue price of MR3.0 each in ACSM, representing 2.5% of the entire issued share capital of ACSM
Consideration	MR900,000 (equivalent to approximately HK\$1,900,000) payable in cash upon completion and funded by the internal resources of the Company
Completion	15th September 2005

The above consideration was determined by reference to the audited net asset value of ACSM and representing a discount of approximately 50% to the audited net asset value of ACSM as at 20th February 2005.

INFORMATION ON ACSM

ACSM is a company incorporated in Malaysia in December 1996 with limited liability. Prior to the subscription, ACSM was an 89.3% non 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 core business activities of ACSM are the provision of easy payment schemes for motorcycles and durable consumer products, such as electrical appliances, furniture, digital products and musical instruments, and the provision of personal financing scheme. ACSM has recently obtained a licence to issue credit cards in Malaysia and would like to raise new capital to expand into credit card business in Malaysia.

As at 20th February 2005, the audited total asset value of ACSM was approximately MR194,100,000 (equivalent to approximately HK\$401,800,000) and the audited net asset value of ACSM was approximately MR6.4 per share (equivalent to approximately HK\$13.3 per share). For the financial year ended 20th February 2004, the audited net profits before and after taxation and extraordinary items of ACSM were approximately MR5,800,000 (equivalent to approximately HK\$12,000,000) and MR4,000,000 (equivalent to approximately HK\$8,300,000) respectively. For the year ended 20th February 2005, the audited net profits before and after taxation and extraordinary items of ACSM were approximately MR11,600,000 (equivalent to approximately HK\$24,000,000) and MR8,200,000 (equivalent to approximately HK\$17,000,000) respectively.

Upon completion of the subscription, ACSM will be owned as to 85.9% by AEON Credit Japan and 2.5% by the Company.

REASONS FOR THE SUBSCRIPTION

ACSM has achieved good growth in terms of business volume and profitability in the past years and is expected to grow even faster in the coming years with its expansion into credit card business. The Company knows ACSM's business well and is confident that the Company's investment in ACSM will bring good returns to the Company in the long run and thus enhancing the shareholders' value of the Company.

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 ACSM 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, ACSM 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, 14th September 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.”