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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 900)

CONTINUING CONNECTED TRANSACTION

On 6th June 2006, the Company entered into the Licence Agreement with AEON Stores for the leasing of the Premises for a term of one year commencing from 13th May 2006.

As AEON Stores is a fellow subsidiary, the Licence Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

Since the aggregate sum of the annual licence fee and management fee payable by the Company under the Licence Agreement represents less than 2.5% of the applicable percentage ratios, no independent shareholders' approval is required.

LICENCE AGREEMENT

Date

6th June 2006

Parties

- (a) The Company as licensee
- (b) AEON Stores as licensor

Premises

Shop No. L302, 3/F, Kornhill Plaza (South), 2 Kornhill Road, Quarry Bay, Hong Kong, with an approximate area of 846 square feet

Term

One year from 13th May 2006 to 12th May 2007

Licence Fee

HK\$135,000 per month (exclusive of rates and management fee)

Management Fee

HK\$6,768 per month

The aggregate sum of the annual licence fee and management fee payable by the Company under the Licence Agreement is HK\$1,701,216. The terms of the Licence Agreement were arrived at after arm's length negotiations between the parties with reference to the current leasing market conditions and the market rent of comparable properties in the vicinity of the Premises.

REASONS FOR THE TRANSACTION

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 has been providing credit facilities to customers of AEON Stores and considers it beneficial to enter into the Licence Agreement to facilitate the continuation of such services as well as to maintain a close business relationship with AEON Stores.

The directors of the Company, including the independent non-executive directors, consider that the terms of the Licence Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

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 Licence Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Licence Agreement is less than 2.5%, the transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules. Details of the transaction will be included in the next published annual report and accounts of the Company.

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
“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
“Licence Agreement”	the licence agreement dated 6th June 2006 entered into between the Company and AEON Stores
“Premises”	Shop No. L302, 3/F, Kornhill Plaza (South), 2 Kornhill Road, Quarry Bay, Hong Kong, with an approximate area of 846 square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 7th June 2006

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) and Mr. Kazuhide Kamitani; and the independent non-executive directors are Mr. Tsang Wing Hong and Mr. Wong Hin Wing.

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