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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock code: 900)



CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 20 April 2005 in relation to the continuing connected transactions with AEON Shenzhen under the Master Agreement.

As the existing annual cap for the year ending 20 February 2008 is likely to be exceeded, the Company entered into the Supplemental Agreement on 18 January 2008 to revise the annual cap and also to renew the Master Agreement to expire on 20 February 2011.

The transactions contemplated under the Master Agreement as supplemented by the Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements.

BACKGROUND

Reference is made to the announcement of the Company dated 20 April 2005 in relation to the continuing connected transactions with AEON Shenzhen under the Master Agreement.

The Master Agreement, which will expire on 14 April 2008, may be terminated by either party prior to its expiry by giving not less than ninety days' prior written notice of termination and may be renewed on such terms and conditions as the parties may mutually agree.

Under the Master Agreement, the Company shall pay service fees to AEON Shenzhen for the provision of call centre services to the Company including customer service, telemarketing and accounts management. The service fees payable by the Company to AEON Shenzhen shall be at such rates and terms as may be agreed by the parties from time to time, which rates and terms have been determined with reference to the time spent and expenses incurred by AEON Shenzhen in the performance of the services plus a performance incentive. The parties have also agreed under the Master Agreement that service fees shall be payable to AEON Shenzhen for such other services as may be provided by AEON Shenzhen from time to time at such rates and terms as may be agreed by the parties from time to time, which rates and terms shall be determined on the same basis as disclosed herein.

The annual cap for each of the three years ending 20 February 2008 is HK\$16,400,000. The actual amount of the service fees paid by the Company to AEON Shenzhen for each of the two years ended 20 February 2007 amounted to HK\$11,066,000 and HK\$14,952,000 respectively. Due to better-than-expected increase in the sales transactions of the Company under the booming economic situation and the increased volume of services transferred to and provided by AEON Shenzhen, the aggregate amount of service fees for the period from 21 February 2007 to 20 December 2007 amounted to approximately HK\$15,030,000 which is within the annual cap. It is estimated that the aggregate amount of service fees for the period from 21 February 2007 to 20 January 2008 will amount to approximately HK\$16,750,000 in which event it will exceed the annual cap.

As the existing annual cap is likely to be exceeded, the Company has to re-comply with the disclosure requirement under Rule 14A.35(3) of the Listing Rules.

SUPPLEMENTAL AGREEMENT

The Company entered into the Supplemental Agreement with AEON Shenzhen on 18 January 2008 to revise the annual cap and also to renew the Master Agreement to commence from 15 April 2008 to 20 February 2011 to align with the financial year end of the Company.

The Company has revised the existing annual cap for the year ending 20 February 2008 from HK\$16,400,000 to HK\$19,000,000 (the "Revised Cap"). The Revised Cap has been determined by reference to the latest amount of service fees paid by the Company and the estimated volume of services to be provided by AEON Shenzhen for the remaining period of the financial year.

It is estimated that the aggregate annual amount of service fees payable by the Company to AEON Shenzhen for each of the three years ending 20 February 2011 will not exceed HK\$27,800,000 (the "New Cap"). The New Cap has been determined by reference to the historical value of the transactions which had an average yearly increase of approximately HK\$3,000,000 in service fees in the past three years and the projected increase in the business volume of the Company under the present buoyant economy.

Save as aforesaid, all other terms of the Master Agreement including those disclosed herein shall remain in full force and effect.

REASONS FOR THE TRANSACTIONS

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 Shenzhen is principally engaged in the operation of call centre services.

AEON Shenzhen has been providing call centre services to the Company since 2000. AEON Shenzhen is also providing call centre services to other parties. The terms under the Master Agreement are no less favourable than terms available to other parties. The Company considers it beneficial to enter into the Supplemental Agreement to facilitate the continuation of such services.

The directors of the Company, including the independent non-executive directors, consider that the transactions are entered into in the ordinary and usual course of business of the Company and the terms of the Supplemental Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

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 Shenzhen is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Master Agreement as supplemented by the Supplemental Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Revised Cap and the New Cap is less than 2.5%, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from independent shareholders' approval requirements under the Listing Rules. Details of the transactions 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 Shenzhen”	AEON Information Service (Shenzhen) Co., Ltd., a company established in the People’s Republic of China
“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
“Master Agreement”	the service agreement dated 21 May 2003 entered into between the Company and AEON Shenzhen (as supplemented and amended by a supplemental agreement dated 15 April 2005)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 18 January 2008 to the Master Agreement entered into between the Company and AEON Shenzhen

By Order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 21 January 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Masanori Kosaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Mr. Tomoyuki Kawahara (Senior Executive Director), Ms. Koh Yik Kung, Mr. Pan Shu Pin, Ban and Mr. Fung Kam Shing, Barry as Executive Directors; Mr. Yoshiki Mori (Chairman) and Mr. Kazuhide Kamitani as Non-executive Directors; and Mr. Tsang Wing Hong, Mr. Wong Hin Wing and Dr. Hui Ching Shan as Independent Non-executive Directors.