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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 Stores under the Master Agreement.

Since the Master Agreement has expired, the Company has on 14 April 2008 entered into the Renewal Agreement to extend the term of the Master Agreement for further three years to 14 April 2011.

As AEON Stores is a fellow subsidiary of the Company, the transactions contemplated under the Renewal Agreement will continue to constitute continuing connected transactions 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 Stores under the Master Agreement.

Since the Master Agreement has expired, the Company has on 14 April 2008 entered into the Renewal Agreement to, among other matters, extend the term of the Master Agreement for further three years to 14 April 2011.

RENEWAL AGREEMENT

The Company entered into the Renewal Agreement with AEON Stores on 14 April 2008 for a term of three years from 15 April 2008 to 14 April 2011. The Renewal Agreement may be terminated by either party prior to the expiry of the fixed term by giving not less than 90 days' prior written notice of termination to the other party and may be renewed on such terms and conditions as the parties may mutually agree.

Under the Renewal Agreement, the Company shall 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 are determined by agreement between the parties from time to time after negotiations at arm's length. In negotiating and agreeing the commission rates and other terms of the Commission Transactions with AEON Stores, the

Company takes into account the prevailing market commission rates for similar types of transactions that are offered by the Company to third parties and gives credit to AEON Stores for business volume generated from the Commission Transactions. The payment terms for the Commission Transactions range from 10 to 40 days.

The Renewal Agreement also provides that the Company and AEON Stores may also enter into additional Commission Transactions in respect of such other credit cards, credit purchase facilities, hire purchase facilities and/or card instalment facilities as may be provided by the Company to customers of AEON Stores from time to time. The commissions payable by AEON Stores to the Company for such additional Commission Transactions shall be at such rates and on such terms as may be agreed between the parties from time to time, which rates and terms shall be determined on the same basis as disclosed herein.

ANNUAL CAP

The table below sets out the previous annual cap and the value of the Commission Transactions for each of the three financial years of the Company ended 20 February 2006, 2007 and 2008:

Year ended 20 February 2006		Year ended 20 February 2007		Year ended 20 February 2008	
Annual Cap (HK\$'000)	Amount (HK\$'000)	Annual Cap (HK\$'000)	Amount (HK\$'000)	Annual Cap (HK\$'000)	Amount (HK\$'000)
20.89	11.82	20.89	12.00	20.89	12.64

The New Caps for each of the four financial years ending 20 February 2009, 2010, 2011 and 2012 are as follows:

Financial Year/Period	New Caps
15/4/2008-20/2/2009	HK\$13,500,000
21/2/2009-20/2/2010	HK\$15,800,000
21/2/2010-20/2/2011	HK\$15,800,000
21/2/2011-14/4/2011	HK\$ 2,300,000

The New Caps have been determined by reference to the average historical value of the Commission Transactions during the past three years plus a buffer of 30% which is based on the anticipated business growth to provide flexibility to take account of possible changes in the volume of the Commission Transactions.

REASONS FOR THE COMMISSION 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 Stores is principally engaged in the operation of general merchandise stores.

The Company has been issuing credit cards and providing credit purchase facilities, hire purchase facilities and card instalment facilities to customers of AEON Stores and considers it to be in the interest of the Company to continually engage in the Commission Transactions as they are beneficial to the business and profitability of the Company.

The directors of the Company, including the independent non-executive directors, are of the view that the Renewal Agreement and the Commission Transactions have been entered into in the ordinary and usual course of business of the Company, 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 Commission Transactions constitute continuing connected transactions for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the New Caps is less than 2.5%, the Commission Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from independent shareholders' approval requirements under the Listing Rules. Details of the Commission 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 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
“Commission Transactions”	transactions entered into between the Company and AEON Stores from time to time pursuant to which the Company receives commissions from AEON Stores in respect of purchases made by customers using certain credit cards issued by the Company including but not limited to AEON JUSCO MasterCard, AEON JUSCO American Express Credit Card, AEON JUSCO VISA Card, AEON JUSCO JCB Card, AEON JUSCO UnionPay Credit Card and any other co-branded credit

	cards and purchases made by customers which are financed by hire purchase facilities, card instalment facilities and other credit facilities provided by the Company
“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 agreement dated 15 April 2005 entered into between the Company and AEON Stores in respect of the Commission Transactions
“New Caps”	the estimated maximum aggregate annual value for the Commission Transactions for each of the four financial years ending 20 February 2009, 2010, 2011 and 2012
“Renewal Agreement”	the agreement dated 14 April 2008 entered into between the Company and AEON Stores for the purposes of renewing the Master Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 15 April 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, Dr. 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.