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**AEON CREDIT SERVICE (ASIA) COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 900)**



### **CONTINUING CONNECTED TRANSACTION**

On 4th September 2008, the Company entered into the Corporate Expenses Sharing Agreement with **AEON** Credit Japan.

As **AEON** Credit Japan is a substantial shareholder of the Company, the transaction constitute a continuing connected transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules.

### **BACKGROUND**

**AEON** Credit Japan has incurred various types of expenses in managing its overseas group of companies including the Company. In order to enable **AEON** Credit Japan to manage the group more effectively and efficiently, its overseas listed subsidiaries including the Company have agreed to share the corporate expenses incurred by **AEON** Credit Japan.

### **THE CORPORATE EXPENSES SHARING AGREEMENT**

On 4th September 2008, the Company entered into the Corporate Expenses Sharing Agreement with **AEON** Credit Japan for a term of 3 years from 21st February 2008 to 20th February 2011. The Corporate Expenses Sharing Agreement may be terminated by either party prior to the expiry of the fixed term by giving not less than 30 days' prior written notice of termination to the other party.

Under the Corporate Expenses Sharing Agreement, **AEON** Credit Japan shall provide various advisory services to the Company including advice on overall business strategies, marketing strategies, funding arrangements, banking relationships, system development and investment opportunities.

Pursuant to the terms of the Corporate Expenses Sharing Agreement, the Company shall share the corporate expenses incurred by **AEON** Credit Japan in providing the advisory services. **AEON** Credit Japan will invoice the Company every 6 months following the end of each half-year accounting period and the Company shall make payment on the 10th of the month following each period end. The corporate expenses are calculated based on the expenses incurred by the overseas business division of **AEON** Credit Japan for the previous six months and allocated to each of the overseas listed subsidiaries including the Company according to their previous year's audited

operating profits. For the period from 21st February 2008 to 20th August 2008, the amount to be invoiced to the Company would amount to approximately HK\$2,200,000, which exceeds 0.1% of the revenue ratio calculated under Rule 14.07 of the Listing Rules and the Company should have made an announcement. The Company was aware that the amount payable would exceed 0.1% sometimes towards the end of August 2008 when the parties started the negotiation on the basis of calculating and allocating the corporate expenses. As the terms of the Corporate Expenses Sharing Agreement were only finalized on 4th September 2008, the Company made this announcement in a timely manner pursuant to Rule 14A.34 of the Listing Rules.

## **ANNUAL CAP**

It is estimated that the maximum amount of expenses payable by the Company under the Corporate Expenses Sharing Agreement for each of the three years ending 20th February 2011 will not exceed HK\$5,500,000, HK\$6,200,000, and HK\$6,900,000 respectively. The annual caps are determined with reference to the estimated expenses to be incurred by the overseas business division of **AEON** Credit Japan and the allocation of the expenses amongst the overseas listed subsidiaries based on the audited operating profits of these listed overseas subsidiaries for the year ended 20th February 2008.

## **REASONS FOR ENTERING INTO THE TRANSACTION**

**AEON** Credit Japan is one of the leading consumer finance services companies in Japan and has extensive know-how and expertise in the consumer finance industry. **AEON** Credit Japan has brought in innovative ideas on marketing and card acquisition programs which are beneficial to the business of the Company.

The Directors of the Company, including the Independent Non-executive Directors, consider that the Corporate Expenses Sharing Agreement is entered into in the ordinary and usual course of business of the Company and the terms of the Corporate Expenses Sharing 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**

Since **AEON** Credit Japan is a substantial shareholder of the Company interested in approximately 51.9% of the issued share capital of the Company, **AEON** Credit Japan is a connected person of the Company for the purposes of the Listing Rules and the Corporate Expenses Sharing Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As the applicable percentage ratios for the Corporate Expenses Sharing Agreement are below 2.5%, the transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the requirements set out in Rules 14A.35(1) and 14A.35(2) and is exempt from independent shareholders' approval

requirements of Chapter 14A of the Listing Rules. Details of the transaction will be included in the next published annual report and accounts of the Company.

There is no prior transaction between the Group and **AEON** Credit Japan which requires to be aggregated with this transaction under Rule 14A.25 of the Listing Rules.

## **GENERAL**

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** Credit Japan is principally engaged in credit card and personal loan business.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“ <b>AEON</b> Credit Japan”	<b>AEON</b> Credit Service Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc.
“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
“Corporate Expenses Sharing Agreement”	the agreement dated 4th September 2008 entered into between the Company and <b>AEON</b> Credit Japan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Masanori Kosaka**  
*Managing Director*

Hong Kong, 4th September 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.*