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

CONTINUING CONNECTED TRANSACTION

Reference is made to the Company's announcement dated 30 April 2009 in relation to the continuing connected transaction with AIS under the Original Master Agreement.

Following the economic recovery in Hong Kong, the Company has launched a series of new direct sales and marketing programs directing towards card acquisition and card activation resulting in the increase in the number of card applications and sales transactions and leading to more job assignments to AIS. The Company expects the original annual cap of HK\$27,800,000 for the year ending 20 February 2011 would likely to be exceeded. In view of the expiry of the Original Master Agreement on 20 February 2011, the Company and AIS entered into the New Master Agreement to revise the annual cap and review the pricing structure.

As each of the applicable percentage ratios in respect of the New Master Agreement is less than 5%, the transaction is only subject to the reporting, announcement and annual review requirements and exempt from independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

Reference is made to the Company's announcement dated 30 April 2009 in relation to the continuing connected transaction with AIS under the Original Master Agreement.

Following the economic recovery in Hong Kong, the Company has launched a series of new direct sales and marketing programs directing towards card acquisition and card activation resulting in the increase in the number of card applications and sales transactions and leading to more job assignments to AIS. The Company expects the original annual cap of HK\$27,800,000 for the year ending 20 February 2011 would likely to be exceeded. In view of the expiry of the Original Master Agreement on 20 February 2011, the Company and AIS entered into the New Master Agreement to revise the annual cap and review the pricing structure.

NEW MASTER AGREEMENT

On 20 October 2010, the Company and AIS entered into the New Master Agreement for a term of two years and four months commencing on 21 October 2010 and ending on 20 February 2013 for the provision of Services by AIS to the Company. The Company may request and AIS may provide such other services such as accounting and administration at such fees and on such terms as may be agreed by the parties

from time to time. The Company and AIS may from time to time agree to such other fees and/or such other terms for the Services and/or other services.

The New Master Agreement may be terminated by either party prior to its expiry by giving not less than 90 days' prior written notice and may be renewed on such terms and conditions as the parties may mutually agree.

Pursuant to the terms of the New Master Agreement, the Company shall pay service fees in RMB to AIS on a monthly basis after receipt of an invoice issued by AIS. The service fees are determined between the parties after arm's length negotiations with reference to the time spent and expenses incurred by AIS in the performance of the Services plus a performance incentive. The service fees charged by AIS are comparable to the justifiable price ranges for customer services, telemarketing, credit assessment and collection for delinquent accounts set out in a price analysis report dated 20 September 2010 issued by an independent qualified valuer appointed by the Company. In arriving at the justifiable price ranges, the independent qualified valuer had obtained market fee quotations from similar service providers and had also taken into account the inflation factor.

ANNUAL CAPS

Under the Original Master Agreement, the annual cap for each of the three years ending 20 February 2011 is HK\$27,800,000. The actual amount of service fees paid by the Company to AIS for each of the two years ended 20 February 2010 amounted to HK\$27,785,000 and HK\$27,752,000 respectively. The aggregate amount of service fees for the eight months ended 20 October 2010 amounted to HK\$23,448,000. It is estimated that the aggregate amount of service fees for the period from 21 October 2010 to 20 February 2011 would amount to approximately HK\$9,000,000, which would cause the annual cap to be exceeded. As at the date of this announcement, the actual transaction amount has not exceeded the annual cap for the year ending 20 February 2011.

Under the New Master Agreement, it is estimated that the maximum aggregate amount of service fees payable by the Company to AIS would not exceed the Annual Caps set out below:

<u>Financial Year/Period</u>	<u>Annual Caps</u>
21/10/2010 to 20/2/2011	HK\$ 9,000,000 (approximately RMB7,700,000)
21/2/2011 to 20/2/2012	HK\$36,000,000 (approximately RMB30,900,000)
21/2/2012 to 20/2/2013	HK\$39,000,000 (approximately RMB33,400,000)

The Annual Caps have been determined with reference to the historical transaction amounts, the business plan of the Company in the coming two years and the estimated volume of business to be assigned to AIS in the coming two years plus a buffer to provide flexibility for possible appreciation of the value of RMB.

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.

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

AIS was set up to provide call centre services to the Company and has been providing such services to the Company since 2000. Due to the close relationship between the parties and the continuous upgrading of AIS infrastructure according to the requirements of the Company, AIS is familiar with the Company's culture and operations and is able to provide the services in a timely and reliable manner, thereby minimizing the management and operational costs of the Company. In outsourcing the jobs to AIS, of which the Company is a shareholder, the Company can have better control on service quality. The Company considers it beneficial to enter into the New Master Agreement to facilitate the continuation of such services.

The Directors of the Company, including the Independent Non-executive Directors, consider that the New Master Agreement is entered into in the ordinary and usual course of business of the Company, the terms of New Master Agreement are on normal commercial terms, and both the terms of the New Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

AIS 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. AIS is therefore a connected person of the Company under the Listing Rules and the New Master Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the New Master Agreement is less than 5%, the transaction is only subject to the reporting, announcement and annual review requirements and 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.

None of the Directors of the Company has a material interest in the transaction.

DEFINITIONS

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

“AIS”	AEON Information Service (Shenzhen) Co., Ltd., a company established in the People's Republic of China
“Annual Caps”	the annual caps under the New Master Agreement
“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
“New Master Agreement”	the master service agreement dated 20 October 2010 entered into between the Company and AIS, the particulars of which are set out in this announcement
“Original Master Agreement”	the service agreement dated 21 May 2003 entered into between the Company and AIS (as supplemented and amended by supplemental agreements dated 15 April 2005, 18 January 2008 and 30 April 2009 respectively) which was terminated and superseded by the New Master Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Services”	call centre services including but not limited to customer services, telemarketing, credit assessment and accounts management and other services as may be agreed by the Company and AIS from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Masanori Kosaka
Managing Director

Hong Kong, 21 October 2010

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. Fung Kam Shing, Barry and Mr. Toshiya Shimakata as Executive Directors; Mr. Kazuhide Kamitani (Chairman) and Mr. Takatoshi Ikenishi as Non-executive Directors; and Dr. Hui Ching Shan, Mr. Wong Hin Wing and Professor Tong Jun as Independent Non-executive Directors.