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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 announcements of the Company dated 4th September 2008 and 16th February 2009 in respect of the Previous Agreement entered into between the Company and ACS Japan. As the terms of the New Agreement including the calculation and allocation of expenses have recently been finalized, the Company and ACS Japan entered into the New Agreement.

ACS Japan is a substantial shareholder of the Company. Accordingly, the New Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Annual Cap under the New 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 announcements of the Company dated 4th September 2008 and 16th February 2009 in respect of the Previous Agreement entered into between the Company and ACS Japan. As the terms of the New Agreement including the calculation and allocation of expenses have recently been finalized, the Company and ACS Japan entered into the New Agreement.

**NEW AGREEMENT**

On 20th May 2011, the Company and ACS Japan entered into the New Agreement for a term of one year commencing on 21st February 2011 and ending on 20th February 2012. The New Agreement may be renewed on such terms and conditions as the parties may mutually agree.

In accordance with the terms of the New Agreement, ACS Japan shall provide the Advisory Services to the Company including but not limited to advice on overall business strategies, marketing strategies, funding arrangements, banking relationships, system development and investment opportunities.

Pursuant to the terms of the New Agreement, the Company shall share the corporate expenses incurred by ACS Japan in providing the Advisory Services. The corporate expenses payable by the Company are calculated with reference to the expenses

incurred by the relevant departments of ACS Japan in the preceding financial year and the allocation of such expenses amongst ACS Japan's overseas listed subsidiaries including the Company according to their audited operating profits of the preceding financial year. ACS Japan will invoice the Company in Japanese Yen on a half-yearly basis (i.e. in August 2011 and February 2012) and the Company shall make payment in Japanese Yen to ACS Japan on or before 10th of September 2011 and March 2012 respectively.

## **ANNUAL CAP**

The annual caps and the amount paid by the Company to ACS Japan under the Previous Agreement are set out below:

<u>Financial Year</u>	<u>Annual Caps</u>	<u>Amount Paid</u>
21/2/2008 to 20/2/2009	HK\$6,100,000	HK\$6,066,000
21/2/2009 to 20/2/2010	HK\$6,800,000	HK\$6,367,000
21/2/2010 to 20/2/2011	HK\$7,600,000	HK\$6,278,000

It is estimated that the maximum aggregate amount of expenses payable by the Company to ACS Japan under the New Agreement would not exceed the Annual Cap set out below:

<u>Financial Year</u>	<u>Annual Cap</u>
21/2/2011 to 20/2/2012	HK\$8,000,000

The Annual Cap has been determined with reference to the historical amounts, the expenses incurred by the relevant departments of ACS Japan for the year ended 20th February 2011 and the allocation of such expenses amongst ACS Japan's overseas listed subsidiaries including the Company according to their audited operating profits for the year ended 20th February 2011, plus a buffer to provide flexibility for possible appreciation of the value of Japanese Yen.

## **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.

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

ACS Japan is one of the leading consumer finance services companies in Japan and has extensive know-how and expertise in the consumer finance industry. ACS Japan has provided innovative ideas on marketing and card acquisition programmes and valuable advice on funding strategy and system development, which are beneficial to the business of the Company.

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

## **LISTING RULES IMPLICATIONS**

ACS Japan is a substantial shareholder of the Company interested in approximately 51.94% of the issued share capital of the Company. ACS Japan is therefore a connected person of the Company under the Listing Rules and the New Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Annual Cap under the New 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.

Each of Mr. Kazuhide Kamitani and Mr. Masanori Kosaka, being a Director of ACS Japan, abstained from voting on the resolutions in relation to the approval of the New Agreement.

## **DEFINITIONS**

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

“ACS Japan”	AEON Credit Service Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc.
“Advisory Services”	various advisory services including but not limited to advice on overall business strategies, marketing strategies, funding arrangements, banking relationships, system development and investment opportunities
“Annual Cap”	the annual cap under the New 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 Agreement”	the corporate expenses sharing agreement dated 20th May 2011 entered into between the Company and ACS Japan, the particulars of which are set out in this announcement
“Previous Agreement”	the corporate expenses sharing agreement dated 4th September 2008 entered into between the Company and ACS Japan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 20th May 2011

*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), Mr. Fung Kam Shing, Barry, Ms. Koh Yik Kung 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.*