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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 900)

CONTINUING CONNECTED TRANSACTION

On 31 October 2011, the Company and ACTS entered into the New Master Agreement to renew the Previous Master Agreement for the provision of the Services by ACTS to the Company.

ACTS is a fellow subsidiary of the Company. Accordingly, 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.

BACKGROUND

Reference is made to the announcement of the Company dated 29 October 2010 in respect of the Previous Master Agreement with ACTS for the provision of the Services. As the Previous Master Agreement will expire on 31 October 2011, the Company and ACTS entered into the New Master Agreement to renew the Previous Master Agreement for the provision of the Services by ACTS to the Company.

NEW MASTER AGREEMENT

On 31 October 2011, the Company and ACTS entered into the New Master Agreement for a term of 1 year commencing on 1 November 2011 and ending on 31 October 2012 for the provision of the Services by ACTS to the Company. The New Master Agreement may be terminated by either party prior to its expiry by giving not less than 30 days' prior written notice and may be renewed on such terms and conditions as the parties may mutually agree.

In accordance with the terms of the New Master Agreement, ACTS shall provide the Services to the Company including but not limited to computer software development services, technical consultation services, system implementation services, system integration services, maintenance and support services and other computer-related services as may be requested by the Company from time to time.

Pursuant to the terms of the New Master Agreement, the Company shall pay service fees to ACTS on a monthly basis after receipt of an invoice issued by ACTS. The service fees are determined between the parties after arm's length negotiations with

reference to the actual time spent and number of individuals assigned to provide the Services with individual fee rates vary according to their position, degree of responsibility involved and experience and skills required in performing the Services. The individual fee rates charged by ACTS are competitive when compared with the fee rates charged/quoted by other service providers.

ANNUAL CAPS

The annual caps for the transactions contemplated under the Previous Master Agreement for the year ended 20 February 2011 and for the period ending 31 October 2011 were HK\$ 2,680,000 and HK\$ 6,100,000 respectively. The total amount of service fees paid and payable by the Company to ACTS under the Previous Master Agreement for the year ended 20 February 2011 and for the period ended 30 September 2011 amounted to HK\$ 2,679,000 and HK\$ 4,532,000 respectively. For the month of October 2011, the amount of service fees payable by the Company would amount to approximately HK\$ 650,000.

It is estimated that the maximum aggregate amount of service fees payable by the Company to ACTS under the New Master Agreement would not exceed the Annual Caps set out below:

<u>Financial Year/Period</u>	<u>Annual Caps</u>
1/11/2011 to 20/2/2012	HK\$ 2,700,000
21/2/2012 to 31/10/2012	HK\$ 6,100,000

The Annual Caps are calculated based on the historical amounts and the agreed scope of Services to be provided by ACTS and the estimated number of individuals assigned and time spent by such individuals to provide the Services with reference to the individual fee rates specified in the New Master Agreement.

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.

ACTS was set up with the objective to provide information and communication technology services to **AEON** Credit Japan's overseas subsidiaries including the Company ("**AEON** Credit Group").

Due to the close relationship between the parties, ACTS has in-depth knowledge and understanding of the business and systems of the Company which would facilitate faster response to meet the Company's information and communication system development, enhancement and maintenance needs. In outsourcing the jobs to ACTS, of which the Company is a shareholder, the Company can have better control on the completion time. Furthermore, ACTS will create a common platform for system development and maintenance for **AEON** Credit Group and the Company will have the priority to use this common platform which would be expected to improve the Company's operation efficiency further.

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

ACTS is owned as to 10% by the Company and 70% by **AEON** Credit Japan, which is a substantial shareholder of the Company interested in approximately 51.94% of the issued share capital of the Company. ACTS 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.

As none of the Directors of the Company has a material interest in the transaction, no Director has abstained from voting on the board resolutions approving the transaction.

DEFINITIONS

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

“ACTS”	AEON Credit Technology Systems (Philippines) Inc., a company incorporated in the Philippines with limited liability
“ AEON Credit 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.
“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 31 October 2011 entered into between the Company and ACTS, the particulars of which are set out in this announcement
“Previous Master Agreement”	the master service agreement dated 29 October 2010 entered into between the Company and ACTS
“Services”	including but not limited to computer software development services, technical consultation services, system implementation services, system integration services, maintenance and support services and other computer-related services as may be requested by the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Fung Kam Shing, Barry
Managing Director

Hong Kong, 31 October 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Fung Kam Shing, Barry (Managing Director), Mr. Lai Yuk Kwong, Mr. Tomoyuki Kawahara, Ms. Koh Yik Kung, Mr. Toshiya Shimakata and Ms. Chan Fung Kuen, Dorothy as Executive Directors; Mr. Masao Mizuno (Chairman) and Mr. Masanori Kosaka as Non-executive Directors; and Dr. Hui Ching Shan, Mr. Wong Hin Wing and Professor Tong Jun as Independent Non-executive Directors.