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

CONNECTED TRANSACTIONS

On 17 February 2012, the Company and ACS Japan entered into (i) the ACSM Sale and Purchase Agreement; and (ii) the ACMC Sale and Purchase Agreement.

Pursuant to the ACSM Sale and Purchase Agreement, the Company agreed to sell and ACS Japan agreed to purchase the ACSM Shares for a cash consideration of MYR12,474,000 (equivalent to approximately HK\$31,800,000).

Pursuant to the ACMC Sale and Purchase Agreement, the Company agreed to sell and ACS Japan agreed to purchase the ACMC Shares for a cash consideration of JPY85,829,200 (equivalent to approximately HK\$8,400,000).

ACS Japan is a controlling shareholder of the Company. Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Since the transactions contemplated under the Agreements were entered into by the Company with the same connected party and involve the disposal of shares in the group of companies under ACS Japan, the transactions under the Agreements should be aggregated under Rules 14A.25 of the Listing Rules. As each of the applicable percentage ratios in respect of the transactions contemplated under the Agreements on an aggregate basis is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. BACKGROUND

On 17 February 2012, the Company and ACS Japan entered into (i) the ACSM Sale and Purchase Agreement; and (ii) the ACMC Sale and Purchase Agreement. Pursuant to the ACSM Sale and Purchase Agreement, the Company agreed to sell and ACS Japan agreed to purchase the ACSM Shares for a cash consideration of MYR12,474,000 (equivalent to approximately HK\$31,800,000). Pursuant to the ACMC Sale and Purchase Agreement, the Company agreed to sell and ACS Japan agreed to purchase the ACMC Shares for a cash consideration of JPY85,829,200 (equivalent to approximately HK\$8,400,000).

Particulars of the ACSM Sale and Purchase Agreement and the ACMC Sale and Purchase Agreement are set out below.

B. ACSM SALE AND PURCHASE AGREEMENT

Date

17 February 2012

Parties

Seller: The Company
Purchaser: ACS Japan

Assets to be sold

The ACSM Shares comprising 1,800,000 ordinary shares of MYR0.50 each in the capital of ACSM.

Consideration

The consideration of MYR12,474,000 (equivalent to approximately HK\$31,800,000) shall be payable in cash on completion.

The consideration payable by ACS Japan was calculated by multiplying the arithmetic average of the closing price per ACSM Share as quoted by Bursa Malaysia Securities Berhad during the 30 trading days prior to (but not including) the date of the ACSM Sale and Purchase Agreement, being MYR6.93, and the total number of shares to be purchased by ACS Japan.

Based on the fair value of the ACSM Shares of HK\$22,200,000 as recorded in the condensed consolidated statement of financial position of the Group as of 20 August 2011, the Company will, after deducting all related transaction costs, make a gain of HK\$29,900,000, of which HK\$20,300,000 will be transferred from the investment revaluation reserve. The gain will be recorded under other gains and losses in the consolidated income statement of the Group for the year ending 20 February 2012. The proceeds from the sale shall be used as general working capital of the Group.

Completion

The execution of the trade of ACSM Shares on Bursa Malaysia Securities Berhad took place on 17 February 2012. The consideration shall be payable on 22 February 2012, which is the settlement date following the trade date.

C. APMC SALE AND PURCHASE AGREEMENT

Date

17 February 2012

Parties

Seller: The Company
Purchaser: ACS Japan

Assets to be sold

The APMC Shares comprising 550 shares in APMC.

Consideration

The consideration of JPY85,829,200 (equivalent to approximately HK\$8,400,000) shall be payable by ACS Japan in cash on completion.

The consideration payable by ACS Japan was arrived at with reference to the appraised value of APMC as at 10 February 2012 as appraised by an independent valuer adopting the free cash flow to equity method based on the latest financial budgets prepared by APMC management covering a period of 3 years. Budgeted net profit projections were based on the historical records and business prospects of APMC.

Based on the cost of the APMC Shares of HK\$3,900,000 as recorded in the condensed consolidated statement of financial position of the Group as of 20 August 2011, the Company will make a gain of HK\$4,500,000 from the sale. The gain will be recorded under other gains and losses in the consolidated income statement of the Group for the year ending 20 February 2012. The proceeds from the sale shall be used as general working capital of the Group.

Completion

Completion of the APMC Sale and Purchase Agreement shall take place on 20 February 2012.

D. REASONS FOR THE TRANSACTIONS

The Company's present strategy is to expand its operation in China. Meanwhile, the Company considers its investments in ACSM and APMC not its core assets. As such, the Company has decided to divest its investments in ACSM and APMC and reallocate the resources for the China market.

The Directors of the Company, including the Independent Non-executive Directors, consider that the terms of the ACSM Sale and Purchase Agreement and the APMC Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

E. INFORMATION ON THE COMPANY, ACS JAPAN, ACSM AND APMC

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 the credit card and personal loan business. As at the date of this announcement, ACS Japan owns approximately 58.20% of ACSM and 86.96% of APMC.

ACSM is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under international brand names of Visa and MasterCard.

ACMC is principally engaged in the provision of credit management services, focusing on collection of receivables for credit card companies, telecommunications companies and utility companies.

The audited financial information of ACSM is as follows:

	For the year ended 20 February	
	2011	2010
	<i>(MYR million)</i>	<i>(MYR million)</i>
Net profit before taxation and extraordinary items	85.0	72.2
Net profit after taxation and extraordinary items	63.4	54.3
Net asset value	282.2	250.5

The audited financial information of ACMC is as follows:

	For the year ended 20 February	
	2011	2010
	<i>(JPY million)</i>	<i>(JPY million)</i>
Net profit before taxation and extraordinary items	134.5	176.2
Net profit after taxation and extraordinary items	76.0	81.8
Net asset value	1,703.1	1,692.0

F. LISTING RULES IMPLICATIONS

ACS Japan is a controlling shareholder of the Company interested in approximately 51.94% of the issued share capital of the Company. Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the transactions contemplated under the Agreements were entered into by the Company with the same connected party and involve the disposal of shares in the group of companies under ACS Japan, the transactions under the Agreements should be aggregated under Rule 14A.25 of the Listing Rules. As each of the applicable percentage ratios in respect of the transactions contemplated under the Agreements on an aggregate basis is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the transactions will be included in the next published annual report and accounts of the Company.

Mr. Masao Mizuno and Mr. Masanori Kosaka, who are shareholders and directors of ACS Japan, may be regarded as having a material interest in the transactions contemplated under

the Agreements. Accordingly, Mr. Masao Mizuno and Mr. Masanori Kosaka have abstained from voting on the board resolutions approving the transactions.

DEFINITIONS

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

“ACMC”	ACS Credit Management Co., Ltd., a company incorporated in Japan with limited liability
“ACMC Sale and Purchase Agreement”	the agreement dated 17 February 2012 entered into between the Company and ACS Japan relating to the sale and purchase of the ACMC Shares by the Company to ACS Japan
“ACMC Shares”	the Company’s entire shareholding in ACMC, comprising 550 shares, representing approximately 4.58% of the issued shares of ACMC
“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.
“ACSM”	AEON Credit Service (M) Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad
“ACSM Sale and Purchase Agreement”	the agreement dated 17 February 2012 entered into between the Company and ACS Japan relating to the sale and purchase of the ACSM Shares by the Company to ACS Japan
“ACSM Shares”	the Company’s entire shareholding in ACSM, comprising 1,800,000 ordinary shares of MYR0.50 each, representing 1.50% of the issued share capital of ACSM
“Agreements”	the ACSM Sale and Purchase Agreement and the ACMC Sale and Purchase 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
“Group”	the Company and its subsidiaries
“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
“JPY”	Japanese Yen, the lawful currency of Japan

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MYR”	Malaysian Ringgit, the lawful currency of Malaysia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 20 February 2012

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.