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

**CONTINUING CONNECTED TRANSACTION  
RENEWAL OF MASTER SERVICE AGREEMENT**

On 30 October 2013, the Company and ACSS entered into the New Master Service Agreement to renew the Previous Agreement for the provision of the Services by ACSS to the Company.

As ACSS is a subsidiary of AFS Japan, which is a controlling shareholder of the Company, ACSS is a connected person of the Company. Accordingly, the entering into the New Master Service Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Annual Caps under the New Master Service Agreement is less than 5%, the New Master Service Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**BACKGROUND**

Reference is made to the announcement of the Company dated 31 October 2012 in respect of the Previous Agreement entered into between the Company and ACSS. As the Previous Agreement expires on 31 October 2013, the Company and ACSS entered into the New Master Service Agreement to renew the Previous Agreement for the provision of the Services by ACSS to the Company.

**NEW MASTER SERVICE AGREEMENT**

**Date**

30 October 2013

**Parties**

- (a) The Company; and
- (b) ACSS.

## Services

The Services to be provided by ACSS 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.

## Term

Three years commencing on 1 November 2013 and ending on 31 October 2016, subject to termination by either party giving not less than 30 days' prior written notice and subject to renewal on such terms and conditions as the parties may mutually agree.

## Consideration

The Company shall pay service fees to ACSS for the Services which have been 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 ACSS are competitive when compared with the fee rates charged/quoted by other service providers. The service fees are to be paid via telegraphic transfer on a monthly basis after receipt of an invoice issued by ACSS.

## ANNUAL CAPS

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

<u>Financial Year / Period</u>	<u>Annual Caps</u>
1/11/2013 to 20/2/2014	HK\$ 3,700,000
21/2/2014 to 20/2/2015	HK\$12,470,000
21/2/2015 to 20/2/2016	HK\$13,717,000
21/2/2016 to 31/10/2016	HK\$10,164,000

The aggregate amount of service fees paid or payable by the Company to ACSS under the Previous Agreement was approximately HK\$2,567,000 for the period from 1 November 2012 to 20 February 2013 and HK\$5,230,000 for the period from 21 February 2013 to 31 October 2013.

The Annual Caps have been determined with reference to the historical amounts and the agreed scope of Services to be provided by ACSS 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 Service Agreement.

## **REASONS FOR THE TRANSACTION**

Due to the close relationship between the parties, ACSS 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 Services to ACSS, of which the Company is a shareholder, the Company is assured that its confidential information including business plans, know-how, technical and financial information would be kept confidential by ACSS. In addition, as ACSS is the IT company of AFS Japan Group, ACSS would continue to provide IT services to the AFS Japan Group regardless of the contract terms as long as it is beneficial and in the interests of the AFS Japan Group as a whole.

The Directors, including the independent non-executive Directors, consider that the New Master Service Agreement was entered into in the ordinary and usual course of business of the Company, the terms of New Master Service Agreement are on normal commercial terms, and both the terms of the New Master Service 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**

ACSS is owned as to 10% by the Company and 70% by AFS Japan, which is a controlling shareholder of the Company interested in approximately 52.73% of the issued share capital of the Company. ACSS is therefore a connected person of the Company and the entering into the New Master Service Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Annual Caps is less than 5%, the New Master Service Agreement is subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors has a material interest in the transactions contemplated under the New Master Service Agreement, no Director has abstained from voting on the Board resolutions approving the New Master Service Agreement.

## **GENERAL INFORMATION**

The Group 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, insurance agency and broking business, and microfinance business.

ACSS is principally engaged in the provision of information and communication technology services to AFS Japan Group.

## **DEFINITIONS**

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

“ACSS”	AEON Credit Service Systems (Philippines) Inc., a company incorporated in the Philippines with limited liability
“AFS Japan”	ÆON Financial Service Co., Ltd. (formerly known as ÆON Credit Service Co., Ltd.), a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc.
“AFS Japan Group”	AFS Japan and its overseas subsidiaries including the Company
“Annual Caps”	the maximum aggregate annual value under the New Master Service Agreement
“Board”	the board of Directors of the Company
“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
“Directors”	the directors of the Company
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Master Service Agreement”	the master service agreement dated 30 October 2013 entered into between the Company and ACSS, the particulars of which are set out in this announcement
“Previous Agreement”	the master service agreement dated 31 October 2012 entered into between the Company and ACSS
“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, 30 October 2013

*As at the date of this announcement, the Board comprises Mr. Fung Kam Shing, Barry (Managing Director), Ms. Koh Yik Kung, Ms. Chan Fung Kuen, Dorothy and Ms. Tomoko Misaki as executive Directors; Mr. Masanori Kosaka (Chairman) and Mr. Lai Yuk Kwong as non-executive Directors; and Mr. Ip Yuk Keung, Mr. Wong Hin Wing and Prof. Tong Jun as independent non-executive Directors.*