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

CONNECTED TRANSACTION
CAPITAL INJECTION INTO AEON CREDIT GUARANTEE (CHINA) CO., LTD.

The Board announces that on 27 February 2014, the Company entered into the Capital Injection Agreement with AFS Japan, pursuant to which the Company and AFS Japan agreed to inject an aggregate amount of RMB62,000,000 (equivalent to approximately HK\$78,585,000) into the capital of ACG. The Capital Injection will be contributed by the Company and AFS Japan in proportion to their respective interests in ACG, i.e. 50% by the Company and 50% by AFS Japan. Accordingly, after the Capital Injection, the respective interests of the Company and AFS Japan in ACG will remain unchanged.

As AFS Japan is a controlling shareholder of the Company and ACG is a subsidiary of AFS Japan, AFS Japan and ACG are connected persons of the Company under the Listing Rules. Accordingly, the Company Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Company Contribution is less than 5%, the Company Contribution is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CAPITAL INJECTION AGREEMENT

Date

27 February 2014

Parties

- (a) The Company; and
- (b) AFS Japan

Capital Injection

The Company and AFS Japan agreed to inject an aggregate amount of RMB62,000,000 (equivalent to approximately HK\$78,585,000) into the capital of ACG. The Capital Injection will be contributed by the Company and AFS Japan in proportion to their respective interests in ACG, i.e. 50% by the Company and 50% by AFS Japan. Accordingly, after the Capital Injection, the respective interests of the Company and AFS Japan in ACG will remain unchanged. Upon completion of the Capital Injection, the registered capital of ACG will increase from RMB79,740,000 to RMB141,740,000.

The consideration for the Capital Injection was determined with reference to the projected working capital requirement of ACG. The Company Contribution will be funded by internal resources and available banking facilities of the Company. The Capital Injection is conditional upon the approval of the relevant regulatory authorities in the PRC.

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.

The principal business activity of AFS Japan is a bank holding company. AFS Japan was formerly known as AEON Credit Service Co., Ltd. On 1 April 2013, through management integration and share exchange with AEON Bank Ltd., AFS Japan has transformed itself into a bank holding company, with major subsidiaries, including AEON Bank Ltd., conducting banking business, bank agency business, and credit card business.

The scope of business of ACG includes credit guarantee business, business consultancy services, customer services, information technology development, computer software development, management and maintenance, sales and marketing promotions and management in the PRC.

The audited net asset value of ACG as at 31 December 2012 was approximately RMB8,770,000. Based on the audited financial statements of ACG, which were prepared in accordance with generally accepted accounting principles in the PRC, the audited net loss for each of the two years ended 31 December 2011 and 2012 are as follows:

	For the year ended 31 December	
	2012	2011
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before taxation	12,790	10,235
Net loss after taxation	12,790	10,235

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

ACG provides credit guarantee to the Company's fellow subsidiaries in China ("Affiliates") guaranteeing the payment obligation of holders of China AEON house cards ("China AEON Cards"), which are issued by the Affiliates. The China AEON Cards can be used to make credit purchases at the Affiliates' stores in China ("China AEON Stores"). When a holder of China AEON Card ("Cardholder") fails to fulfill his/her payment obligation, ACG would compensate the relevant Affiliate and the right to recover the debt from the defaulting Cardholder would be assigned to ACG. In providing the credit guarantee, ACG also receives various fees from the Cardholders, such as annual guarantee fee, compensation handling charge, guarantee charge, and penalty charge. In order to capture new revenue stream, ACG will introduce a new point system to the Affiliates, who issue bonus point cards ("Point Cards") to their members. In providing point system operation services, ACG will receive point management fee from the Affiliates. With the continued expansion of China AEON

Stores network, the number of China AEON Cards and Point Cards is expected to continue to grow. This in turn would generate more business for ACG and improve its profitability. The Capital Injection would strengthen the capital base of ACG, which would enable ACG to continue providing credit guarantee and other services to the Affiliates and other companies in China. In addition, the Company believes that the experience and knowledge gained from the China AEON Card operation would provide the Group with the know-how to tap into the huge and fast growing consumer finance market in China.

The Directors, including the independent non-executive Directors, consider that the terms of the Company Contribution are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

AFS Japan is a controlling shareholder of the Company holding approximately 52.73% of the issued share capital of the Company. ACG is owned as to 50% by the Company and 50% by AFS Japan and is a subsidiary of AFS Japan. AFS Japan and ACG are connected persons of the Company under the Listing Rules. Accordingly, the Company Contribution constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Company Contribution is less than 5%, the Company Contribution is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Company Contribution, save for Mr. Fung Kam Shing, Barry and Mr. Lai Yuk Kwong, who are directors of ACG. Accordingly, Mr. Fung Kam Shing, Barry and Mr. Lai Yuk Kwong have abstained from voting on the Board resolution approving the Company Contribution.

DEFINITIONS

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

“ACG”	AEON Credit Guarantee (China) Co., Ltd., a company established in the PRC
“AFS Japan”	AEON Financial Service Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc.
“Board”	the board of Directors of the Company
“Capital Injection”	the capital injection by the Company and AFS Japan in the aggregate amount of RMB62,000,000 into the capital of ACG, of which the Company agreed to contribute RMB31,000,000 and AFS Japan agreed to contribute RMB31,000,000

“Capital Injection into Agreement”	the capital injection agreement dated 27 February 2014 entered between the Company and AFS Japan in relation to the Capital Injection
“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
“Company Contribution”	the contribution of RMB31,000,000 in cash by the Company into the capital of ACG under the Capital Injection Agreement, which forms 50% of the Capital Injection
“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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 February 2014

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