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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED
AEON 信貸財務(亞洲)有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 900)

CONTINUING CONNECTED TRANSACTION
RENEWAL OF BUSINESS ADVISORY SERVICE AGREEMENT

Reference is made to the announcement of the Company dated 28 April 2015 in relation to the provision of the Services to the Group under the Business Advisory Service Agreement.

On 1 March 2016, the Company and AFS HK entered into the Renewal Agreement pursuant to which AFS HK, with the support from AFS Japan, shall continue to provide the Services to the Group for a further term of one year from 1 March 2016 to 28 February 2017.

As AFS HK is a controlling shareholder of the Company, AFS HK is a connected person of the Company. Accordingly, the Renewal Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As each of the applicable percentage ratios for the Annual Cap exceeds 0.1% but is less than 5%, the Renewal 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 28 April 2015 in relation to the provision of the Services to the Group under the Business Advisory Service Agreement.

As the Business Advisory Service Agreement expired on 29 February 2016, the Company and AFS HK have on 1 March 2016 entered into the Renewal Agreement to extend the term of the Business Advisory Service Agreement for further one year.

THE RENEWAL AGREEMENT

Date

1 March 2016

Parties

- (a) The Company; and
- (b) AFS HK.

Services

AFS HK, with the support from AFS Japan, shall provide to the Group consultation and advisory services with special reference to the consumer finance industry, including but not limited to general as well as case-specific advice and guidance on business strategies, marketing strategies, Group structure strategies, funding arrangements, risk management, operational audit and investment opportunities.

Term

The Renewal Agreement is for a term of one year from 1 March 2016 to 28 February 2017. Upon written notice by either of the Company or AFS HK to the other party no later than one month before the expiry of the Renewal Agreement, the Renewal Agreement may be renewed on such terms and conditions as the Company and AFS HK may mutually agree.

Consideration and payment terms

Pursuant to the Renewal Agreement, the Company shall pay an advisory fee to AFS HK that was determined between the parties after arm's length negotiations with reference to the actual operating expenses incurred by the relevant departments, including the control department, the administration department, the business planning department, the risk management office and the audit department, of AFS HK and/or AFS Japan in providing the Services to the Group for the year ended 29 February 2016. Reference was also made to the anticipated expansion of business operations of the Group and the devotion of additional manpower in AFS HK and/or AFS Japan to the provision of the Services to the Group, specifically in the areas of human resources planning, training, risk management, modernization of branches and credit assessment for the year ending 28 February 2017.

The advisory fee shall be payable on a monthly basis after receipt of an invoice issued by AFS HK.

ANNUAL CAP

The maximum annual aggregate transaction amount payable under the Renewal Agreement is estimated to be HK\$12,500,000 (the "**Annual Cap**") for the year ending 28 February 2017.

The aggregate transaction amount paid by the Company to AFS HK under the Business Advisory Service Agreement was approximately HK\$5,817,000 for the year ended 29 February 2016.

The Annual Cap has been determined with reference to (i) the historical transaction amount; (ii) the estimated higher operating expenses to be incurred by the relevant departments of AFS HK and/or AFS Japan in providing the Services for the period from 1 March 2016 to 28 February 2017 due to devotion of additional resources in human resources planning, training, risk management, modernization of branches and credit assessment; and (iii) the anticipated expansion of business operations of the Group.

REASONS FOR THE TRANSACTION

The Board believes that the Services, which are tailored to the unique requirements and circumstances of the Group, would enable the Group to benefit from the expertise and experience of AFS HK and AFS Japan in the consumer finance industry. Through the Services, the Group is likely to improve productivity, develop a more reliable credit scoring processes, reduce bad debts, and ultimately facilitate its business growth in both Hong Kong and China. Independent third parties with comparable expertise and/or experience in the consumer finance industry may not be available to provide the Services to the Group.

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

LISTING RULES IMPLICATIONS

AFS HK is a controlling shareholder of the Company interested in approximately 52.73% of the issued shares of the Company. AFS HK is a wholly-owned subsidiary of AFS Japan. AFS HK is therefore a connected person of the Company and the Renewal Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the Annual Cap exceeds 0.1% but is less than 5%, the Renewal 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 Renewal Agreement, no Director has abstained from voting on the Board resolutions approving the Renewal Agreement.

GENERAL

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 brokerage and agency business, and microfinance business.

AFS HK is an investment holding company.

AFS Japan is a bank holding company, with subsidiaries conducting banking business, credit card business and other businesses. AFS Japan is under the supervision and regulation of the Financial Services Agency of Japan. AFS Japan, which was formerly known as AEON Credit Service Co., Ltd. ("ACS Japan"), has extensive know-how and expertise in the consumer

finance industry. On 1 April 2013, through management integration and share swap with AEON Bank Ltd., ACS Japan became a bank holding company and AEON Bank Ltd. became its wholly-owned subsidiary. At the same time, ACS Japan changed its name to AFS Japan.

DEFINITIONS

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

“AFS HK”	AEON Financial Service (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability
“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.
“Business Advisory Service Agreement”	the business advisory service agreement dated 27 April 2015 entered into between the Company and AFS HK
“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
“Renewal Agreement”	the business advisory service agreement dated 1 March 2016 entered into between the Company and AFS HK, major terms of which are set out in this announcement
“Services”	consultation and advisory services with special reference to the consumer finance industry, including but not limited to general as well as case-specific advice and guidance on business strategies, marketing strategies, Group structure strategies, funding arrangements, risk management, operational audit and investment opportunities

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By order of the Board

Hideo Tanaka

Managing Director

Hong Kong, 1 March 2016

As at the date of this announcement, the Board comprises Mr. Hideo Tanaka (Managing Director), Mr. Lai Yuk Kwong, Ms. Koh Yik Kung and Mr. Kiyoshi Wada as Executive Directors; Mr. Masanori Kosaka (Chairman) as Non-executive Director; and Mr. Ip Yuk Keung, Mr. Wong Hin Wing and Prof. Tong Jun as Independent Non-executive Directors.