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

**CONTINUING CONNECTED TRANSACTION
MASTER AGREEMENT**

On 1 March 2016, the Company entered into the Master Agreement with AEON Stores for a period of three years commencing from 1 March 2016 and ending on 28 February 2019, pursuant to which AEON Stores agreed to sell AEON Stores Gift Certificates to the Company.

AEON Stores is a fellow subsidiary of the Company. Accordingly, the Master Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Transactions under the Master Agreement exceeds 0.1% but is less than 5%, the Transactions are 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

The Company has a demand for AEON Stores Gift Certificates for the principal purposes of (i) fulfilling its obligations to its cardholders who are redeeming credit card bonus points for AEON Stores Gift Certificates in accordance with the applicable bonus point program terms and regulations; and (ii) giving out AEON Stores Gift Certificates to its customers (including such customers of its subsidiaries) as incentive for business promotion.

The Company has been relying on the Independent Third Party for the supply of AEON Stores Gift Certificates. As the Independent Third Party will no longer be able to provide the same service in the near future, it is in the interest of the Company to secure supply of AEON Stores Gift Certificates from AEON Stores direct to avoid possible undue disruption to the Company's normal business operation.

THE MASTER AGREEMENT

Date

1 March 2016

Parties

- (a) The Company; and
- (b) AEON Stores.

Term

Fixed term of three years commencing from 1 March 2016 and ending on 28 February 2019.

Sale and purchase

AEON Stores and the Company may enter into the Transactions in accordance with the terms and conditions of the Master Agreement and in compliance with the Listing Rules.

Consideration and payment terms

Pursuant to the Master Agreement, consideration for the AEON Stores Gift Certificates payable to AEON Stores shall be the aggregate of the respective face values of the AEON Stores Certificates actually sold to the Company.

Payment by the Company to AEON Stores for the AEON Stores Gift Certificates shall be made at the time of placing an order. Upon receipt of payment, AEON Stores shall arrange for issuance of AEON Stores Gift Certificates.

Termination and renewal

The Master Agreement may be terminated by either party prior to the expiry of the fixed term by giving not less than ninety (90) days' prior written notice of termination to the other party and may be renewed on such terms and conditions as the Company and AEON Stores may mutually agree.

ANNUAL CAPS

The aggregate amount of consideration paid by the Company to the Independent Third Party for the purchase of AEON Stores Gift Certificates for the year ended 20 February 2014, for the period from 21 February 2014 to 28 February 2015 and for the year ended 29 February 2016 was approximately HK\$ 5,151,000, HK\$ 5,508,000 and HK\$ 5,753,000 respectively.

It is estimated that the maximum annual aggregate amount of consideration payable by the Company to AEON Stores in respect of the Transactions under the Master Agreement would not exceed the Annual Caps set out below:

<u>Financial Year</u>	<u>Annual Caps</u>
1/3/2016 to 28/2/2017	HK\$ 7,320,000
1/3/2017 to 28/2/2018	HK\$ 9,150,000
1/3/2018 to 28/2/2019	HK\$ 12,200,000

The Annual Caps have been determined with reference to the historical value of the transactions with the Independent Third Party in connection with AEON Stores Gift Certificates and projected increase in the demand for AEON Stores Gift Certificates from the cardholders and other customers of the Group as a potential result of expected enhanced collaboration between the Company and AEON Stores to promote the business of the Group.

REASONS FOR THE TRANSACTIONS

The Company is issuing credit cards as well as providing credit purchase facilities, card instalment facilities, payment solutions and related services to customers of AEON Stores. It is in the interest of the Company to enhance the collaboration with AEON Stores and continually provide sufficient AEON Stores Gift Certificates for redemption and as incentive to further stimulate customer spending and promote the business of the Group.

The Directors, including the Independent Non-executive Directors, consider that the Master Agreement was entered into in the ordinary and usual course of business of the Company, the terms of the Master Agreement are on normal commercial terms and were negotiated on an arm's length basis, and both the terms of the 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

AEON Stores is a connected person of the Company within the meaning of the Listing Rules by virtue of its being 71.64% owned by AEON Co., Ltd., which in turn is a controlling shareholder of the Company interested in approximately 67.00% of the issued shares of the Company. Accordingly, the Master Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Transactions under the Master Agreement exceeds 0.1% but is less than 5%, the Transactions are 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, no Director has abstained from voting on the Board resolutions approving the Transactions.

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.

AEON Stores is principally engaged in the operation of general merchandise stores.

DEFINITIONS

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

“AEON Stores”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
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“AEON Stores Gift Certificates”	cash certificates issued by AEON Stores with their respective value and expiry date clearly marked thereon and readily accepted by AEON Stores as cash equivalents for settling transactions within its validity period usually of two (2) years from issuance
“Annual Caps”	the annual caps under the Master 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
“Group”	the Company and its subsidiaries
“Director(s)”	the director(s) of the Company
“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
“Independent Third Party”	the party who has been sourcing AEON Stores Gift Certificates for the Company and is not a connected person of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement – gift certificate dated 1 March 2016 entered into between the Company and AEON Stores in respect of the Transactions, major terms of which are set out in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions between the Company and AEON Stores for sale and purchase of AEON Stores Gift Certificates contemplated under the Master Agreement

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.