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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 LICENCE AGREEMENT

On 30 March 2020, the Company and AEON Stores entered into the New Licence Agreement to renew the Previous Licence Agreement for the lease of the Premises for a term of one year.

AEON Stores is a fellow subsidiary of the Company. The New Licence Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps under the New Licence Agreement exceed 0.1% but are less than 5%, the New Licence 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

As the Previous Licence Agreement will expire on 31 March 2020, the Company and AEON Stores entered into the New Licence Agreement to renew the Previous Licence Agreement for the lease of the Premises for a term of one year.

NEW LICENCE AGREEMENT

Date

30 March 2020

Parties

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

Premises

Shop No. L108, 1/F, Kornhill Plaza (South), 2 Kornhill Road, Quarry Bay, Hong Kong, with an approximate area of 827 square feet.

Term

One year from 1 April 2020 to 31 March 2021.

Licence Fee

HK\$229,427 per month (exclusive of rates and management fee).

The licence fee was arrived at after arm's length negotiations between the parties with reference to prevailing market rent, which was ascertained through comparing the rentals of other properties of similar use, function and utility in about the same location.

Rates

5% of the Licence Fee per month.

Management Fee

HK\$11,578 per month (subject to upward adjustment by AEON Stores).

Payment Term

The Licence Fee, Rates and Management Fee are to be paid in advance on a monthly basis.

ANNUAL CAPS

Based on the Licence Fee, Rates and Management Fee as mentioned above, it is expected that the maximum aggregate amount payable by the Company to AEON Stores under the New Licence Agreement would not exceed the Annual Caps set out below:

<u>Financial Year/Period</u>	<u>Annual Caps</u>
1/4/2020 to 28/2/2021	HK\$3,025,000
1/3/2021 to 31/3/2021	HK\$275,000

The aggregate amount of the licence fee, rates and management fee paid by the Company to AEON Stores for the lease of the Premises was approximately HK\$2,464,000 for the period from 1 April 2017 to 28 February 2018, HK\$2,799,000 and HK\$2,887,000 respectively for the two years ended 29 February 2020, and HK\$242,000 for the period from 1 March 2020 to 31 March 2020. Pursuant to Chapter 14A of the Listing Rules, the Previous Licence Agreement, with total consideration less than HK\$3,000,000, constituted a de minimis transaction of the Company and was exempt from reporting, announcement, annual review and independent shareholders' approval requirements.

REASONS FOR THE TRANSACTION

The Company is using the Premises as a branch office of the Company for the provision of consumer credit finance services to the customers of both the Company and AEON Stores. The Company considers it beneficial to enter into the New Licence Agreement to ensure the continued provision of the services to the customers as well as to maintain a close business relationship and collaboration with AEON Stores.

The Directors, including the independent non-executive Directors, consider that the New Licence Agreement was entered into in the ordinary and usual course of business of the Company, the terms of the New Licence Agreement are on normal commercial terms, and both the terms of the New Licence Agreement and 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 60.59% owned by AEON Co., Ltd., which in turn is a controlling shareholder of the Company interested in approximately 67.13% of the issued shares of the Company.

As the Term is of 12 months or less and the New Licence Agreement does not contain any purchase options, the Group has elected to apply the recognition exemption under HKFRS 16 and will not recognise the New Licence Agreement as a one-off acquisition of a right-of-use asset. Instead, the New Licence Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps exceed 01% but are less than 5%, the New Licence 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 Licence Agreement, no Director has abstained from voting on the Board resolutions approving the New Licence 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, card payment processing services, insurance agency and brokerage 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
“Annual Caps”	the maximum aggregate annual value under the New Licence 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
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Licence Agreement”	the licence agreement dated 30 March 2020 entered into between the Company and AEON Stores, particulars of which are set out in this announcement
“Previous Licence Agreement”	the previous licence agreement entered into between the Company and AEON Stores for the lease of the Premises for one year from 1 April 2019 to 31 March 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Hideo Tanaka
Managing Director

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Hideo Tanaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Ms. Koh Yik Kung and Mr. Tony Fung as Executive Directors; Mr. Masaaki Mangetsu (Chairman) as Non-executive Director; and Mr. Lee Ching Ming, Adrian, Mr. Wong Hin Wing and Mr. Kenji Hayashi as Independent Non-executive Directors.