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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)

**CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTERESTS IN AN ASSOCIATE**

On 7 February 2022, the Company and AFS Japan entered into the AIS Sale and Purchase Agreement, pursuant to which the Company agreed to purchase and AFS Japan agreed to sell the AIS Equity Interests for a total cash consideration of RMB13,500,000 (equivalent to approximately HK\$16,600,000). Upon Completion, AIS will become a wholly-owned subsidiary of the Company and the financial position as well as the results of AIS will be consolidated into the financial statements of the Group.

AFS Japan is a controlling shareholder of the Company. Accordingly, the Acquisition 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 Acquisition Transaction is more than 0.1% but less than 5%, the Acquisition Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 7 February 2022, the Company and AFS Japan entered into the AIS Sale and Purchase Agreement, pursuant to which the Company agreed to purchase and AFS Japan agreed to sell the AIS Equity Interests for a total cash consideration of RMB13,500,000 (equivalent to approximately HK\$16,600,000).

Major particulars of the AIS Sale and Purchase Agreement are set out below.

THE AIS SALE AND PURCHASE AGREEMENT

Date

7 February 2022

Parties

The Seller: AFS Japan
The Purchaser: the Company

Subject matter

The Seller agreed to sell and the Purchaser agreed to purchase the AIS Equity Interests subject to the terms and conditions of the AIS Sale and Purchase Agreement.

Consideration

The consideration of RMB13,500,000 (equivalent to approximately HK\$16,600,000) in total shall be payable in cash by the Purchaser to the Seller on Completion.

The consideration payable was arrived at after arm's length negotiation between the Seller and the Purchaser with reference to the appraised value of AIS as at 31 December 2021 of RMB27,000,000 (equivalent to approximately HK\$33,000,000) as appraised by an independent professional valuer in the PRC adopting the discounted cash flow method and based on the latest financial budgets prepared by the management of AIS covering a period of 5 years up to 31 December 2026. Budgeted net profit projections were based on the historical records and business prospects of AIS.

In the event that the assessed value of the AIS Equity Interests as determined by the competent tax authority in the PRC for the purpose of levying capital gains tax thereon exceeds RMB13,500,000, the Purchaser shall reimburse the Seller any PRC capital gains tax duly paid with respect to such excess. Each of the Purchaser and the Seller shall otherwise bear its own costs and tax liabilities with respect to the Acquisition Transaction.

Condition precedent

Completion of the sale and purchase of the AIS Equity Interests under the AIS Sale and Purchase Agreement is conditional on the Purchaser having obtained all requisite prior approvals, permissions, consents and waivers from all relevant governmental and regulatory authorities in the PRC for the transfer of the AIS Equity Interests from the Seller to the Purchaser and other related transactions as contemplated under this Agreement.

Completion

Completion shall take place on 21 February 2022 (or other later date as otherwise agreed between the Seller and the Purchaser in writing).

Upon completion, AIS will become a wholly-owned subsidiary of the Company and the financial position as well as the results of AIS will be consolidated into the financial statements of the Group.

REASONS FOR THE TRANSACTIONS

AIS has been providing outsourced call centre services to the Company since its establishment in 2000. Due to the subsisting close working relationship and the continuous upgrading of AIS infrastructure according to the specific requirements of the Group, AIS is familiar with the Group's culture and operations and has demonstrated capability to provide business process outsourcing services in a timely and reliable manner, thereby minimising the management and

operational costs of the Group. Through the Acquisition, the Company can have an even better control over the service quality and the internal management of AIS. Such control is of particular relevance in expecting AIS to help facilitate the Group's business plan to further expand into the Guangdong-Hong Kong-Macao Greater Bay Area. In the meantime, the Group will be able recognise all revenue from third-party sources to AIS as the Group's wholly-owned subsidiary.

The Directors, including the Independent Non-executive Directors, consider that the Acquisition and the terms of the AIS Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP, AFS JAPAN AND AIS

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.

AFS Japan is an investment holding company, with subsidiaries being a bank holding company or otherwise conducting banking business, credit card business and/or other related or ancillary businesses.

AIS is principally engaged in the provision of business process outsourcing services. It is an associate of the Company under the Listing Rules, and is owned as to 50% by each of the Company and AFS Japan. The audited financial information of AIS is as follows:

	For the year ended 31 December	
	2020	2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Net profit before taxation and extraordinary items	5.7	2.4
Net profit after taxation and extraordinary items	4.4	2.2
Net asset value	31.9	27.6

The initial investment cost with respect to AIS is HK\$2,000,000 in equal shares from each of the Company and AFS Japan. Following the distribution of undistributed profits of AIS of RMB20,000,000 in equal shares to each of the Company and AFS Japan in December 2021, the unaudited net asset value of AIS as at 31 December 2021 is RMB14,200,000 (equivalent to approximately HK\$17,400,000).

LISTING RULES IMPLICATIONS

AFS Japan is a controlling shareholder of the Company indirectly interested in approximately 52.86% of the issued shares of the Company. AFS Japan is therefore a connected person of the Company under the Listing Rules, and the Acquisition 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 Acquisition Transaction exceeds 0.1% but is less than 5%, the Acquisition Transaction 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 Acquisition Transaction, save for Mr. Tomoyuki Mitsufuji, who is a director of AFS Japan, Mr. Tomoharu Fukayama, who is the chairman of AIS, and Ms. Jin Huashu, who is a director of AIS. Accordingly, Mr. Tomoyuki Mitsufuji, Mr. Tomoharu Fukayama and Ms. Jin Huashu have abstained from voting on the Board resolutions approving the Acquisition and the AIS Sale and Purchase Agreement.

DEFINITIONS

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

“Acquisition”	the acquisition of the AIS Equity Interests pursuant to the AIS Sale and Purchase Agreement
“Acquisition Transaction”	the entering into the AIS Sale and Purchase Agreement and the transactions contemplated thereunder
“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.
“AIS”	AEON Information Service (Shenzhen) Co., Ltd. (永旺資訊服務(深圳)有限公司), a company established in the PRC
“AIS Equity Interests”	50% of the equity interests in AIS owned by AFS Japan in the registered capital of AIS, together with all rights and interests related thereto
“AIS Sale and Purchase Agreement”	the agreement dated 7 February 2022 entered into between the Company and AFS Japan relating to the sale and purchase of the AIS Equity Interests from AFS Japan to the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	AFS Japan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By order of the Board
Tomoharu Fukayama
Managing Director

Hong Kong, 7 February 2022

As at the date of this announcement, the Board comprises Mr. Tomoharu Fukayama (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director) and Mr. Daisuke Takenaka as Executive Directors; Mr. Tomoyuki Mitsufuji (Chairman) and Ms. Jin Huashu as Non-executive Directors; and Mr. Lee Ching Ming Adrian, Ms. Shing Mo Han Yvonne and Ms. Junko Dochi as Independent Non-executive Directors.