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AEON CREDIT SERVICE (ASIA) CO., LTD.

AEON 信貸財務(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 900)

**CONTINUING CONNECTED TRANSACTION
BRAND ROYALTY AGREEMENT**

On 25 November 2024, the Company and AFS Japan entered into the Brand Royalty Agreement, pursuant to which the Company shall pay Royalty to AFS Japan for the use of AEON Trademarks in connection with the Group's Business in the Territory, covering the period from 1 September 2024 to 28 February 2025.

As AFS Japan is a Controlling Shareholder of the Company, AFS Japan is a connected person of the Company. Accordingly, the Brand Royalty Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As two of the applicable percentage ratios for the Annual Cap exceeds 0.1% but is less than 5%, the Brand Royalty 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

On 25 November 2024, the Company and AFS Japan entered into the Brand Royalty Agreement, pursuant to which the Company shall pay the Royalty to AFS Japan for the use of AEON Trademarks in connection with the Group's Business in the Territory, covering the period from 1 September 2024 to 28 February 2025.

BRAND ROYALTY AGREEMENT

Date

25 November 2024

Parties

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

Right to use the AEON Trademarks

The Group is granted an exclusive right to use the AEON Trademarks in connection with its Business in the Territory under the Brand Royalty Agreement.

Term

The Brand Royalty Agreement has a term of six months from 1 September 2024 to 28 February 2025. It may be renewed on such terms and conditions as the Company and AFS Japan may mutually agree.

Consideration and Payment Terms

Pursuant to the Brand Royalty Agreement, the Company shall pay Royalty to AFS Japan, calculated at a rate of 0.375% on the Group's audited consolidated operating revenue for the period from 1 September 2024 to 28 February 2025, as reported in AFS Japan's audited consolidated financial statements, with adjustments for applicable exchange rates.

Payment of the Royalty shall be made in JPY upon receipt of an invoice from AFS Japan, which is expected to be issued in April 2025.

Pricing Basis

The Royalty rate was determined through arm's length negotiations between the Company and AFS Japan with reference to various factors, including but not limited to (i) the royalty rates charged by other licensors in similar transactions; (ii) prevailing pricing models for comparable licensing arrangements in the market; (iii) consistent royalty pricing terms to be applied to the Company and AFS Japan's other subsidiaries; and (iv) the various factors outlined in the section headed 'Reasons for and benefits of entering into the Brand Royalty Agreement' down below in this announcement.

ANNUAL CAP

The maximum annual aggregate Royalty payable by the Company to AFS Japan under the Brand Royalty Agreement shall not exceed HK\$4,500,000 (approximately JPY86,000,000).

The Annual Cap is calculated based on the Group's audited consolidated operating revenue for the period from 1 September 2024 to 28 February 2025, as reported in AFS Japan's audited consolidated financial statements, with a buffer to account for potential appreciation in the JPY.

Shareholders should note that the Annual Cap only represents the Company's best estimates of the maximum transaction amount based on information currently available. The Annual Cap is not, and should not be interpreted as, indicative of the Group's actual financial performance or its future financial potential in any manner whatsoever.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BRAND ROYALTY AGREEMENT

Over the years, the Group has been strategically leveraging the AEON Trademarks to strengthen customer trust, enhance its business reputation, and expand its market presence. The AEON Trademarks have in turn gained widespread brand awareness in the Territory and have been integral to the Group's branding and marketing strategies, which significantly contribute to the continuously successful promotion of the Group's products and services.

The Royalty paid under the Brand Royalty Agreement, therefore, serves as compensation for the substantial value derived from the AEON Trademarks, including without limitation the business collaboration opportunities made accessible to the Group, the customer acquisition network and advantages, and reduced marketing costs for being closely associated with the well-established multinational AEON group held in high regard. Given the indispensable role the AEON Trademarks play in driving the Group's success, extensive negotiations for the Brand Royalty Agreement had in fact been ongoing well before it was entered into. Both the Company and AFS Japan had reached an understanding on the principal terms of the Brand Royalty Agreement by early September, specifically for it to be commencing from 1 September 2024.

The Directors believe that the entering into of the Brand Royalty Agreement not only reflects the Company's due recognition of the market value of the AEON Trademarks, but also contractually ensures their continued use through legal agreement that clearly sets out the related rights and obligations, thereby giving greater certainty and stability to the Group and its operations.

The Directors, including the independent non-executive Directors, are of the view that the Brand Royalty Agreement is on normal commercial terms, fair and reasonable, and has been entered into in the ordinary and usual course of business of the Company. Furthermore, they believe that the transactions contemplated under the Brand Royalty Agreement are in the interests of the Group and the shareholders of the Company as a whole and are on terms no less favourable to the Company than those available from or to independent third parties.

LISTING RULES IMPLICATIONS

AFS Japan is a Controlling Shareholder of the Company and is interested in approximately 56.54% of the issued shares of the Company. AFS Japan is therefore a connected person of the Company, and the Brand Royalty Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As two of the applicable percentage ratios for the Annual Cap exceeds 0.1% but is less than 5%, the Brand Royalty 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.

None of the Directors has a material interest in the transactions contemplated under the Brand Royalty Agreement, save for Mr. Kenji Fujita who is a director of AFS Japan. Accordingly, Mr. Kenji Fujita has abstained from voting on the Board resolutions approving the Brand Royalty Agreement.

GENERAL INFORMATION

The Group is principally engaged in the provision of consumer credit finance services, which includes the issuance of credit cards and the provision of personal loan financing, payment processing services, insurance intermediary 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. Formerly known as AEON Credit Service Co., Ltd., AFS Japan has extensive know-how and expertise in the consumer finance industry.

DEFINITIONS

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

“AEON Japan”

AEON Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc. It is a Controlling Shareholder of the Company and AFS Japan respectively.

“AFS Japan”

AEON Financial Service Co., Ltd., a company incorporated in Japan with limited

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| | liability, the shares of which are listed on the Tokyo Stock Exchange, Inc. It is a Controlling Shareholder of the Company. |
| “AEON Trademarks” | the trademarks, service marks, and associated intellectual property rights owned and registered by AEON Japan in the Territory from time to time, in respect of which AFS Japan may legally and validly contract with the Company or AFS Japan’s other subsidiaries pursuant to separate agreement made between AEON Japan and AFS Japan |
| “Annual Cap” | the maximum annual aggregate Royalty payable by the Company to AFS Japan under the Brand Royalty Agreement |
| “Board” | the board of Directors of the Company |
| “Brand Royalty Agreement” | the agreement dated 25 November 2024 entered into between the Company and AFS Japan, major terms of which are set out in this announcement |
| “Business” | the business of consumer credit finance services, which include the issuance of credit cards and the provision of personal loan financing, payment processing services, insurance intermediary business, and microfinance business, as well as any such other financial service-related business that the Group may from time to time engage in |
| “China” | the People’s Republic of China |
| “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 (stock code: 900) |

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| “Controlling Shareholder” | has the meaning as defined in the Listing Rules |
| “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 People’s Republic of China |
| “JPY” | Japanese yen, the lawful currency of Japan |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Royalty” | the royalty payable by the Company to AFS Japan for the Company’s use of AEON Trademarks under the Brand Royalty Agreement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Territory” | Hong Kong and mainland China |

By order of the Board
Wei Aiguo
Managing Director

Hong Kong, 25 November 2024

As at the date of this announcement, the Board comprises Mr. Wei Aiguo (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director) and Ms. Wan Yuk Fong as Executive Directors; Mr. Kenji Fujita (Chairman) and Ms. Jin Huashu as Non-executive Directors; and Mr. Lee Ching Ming Adrian, Ms. Shing Mo Han Yvonne, Ms. Junko Dochi and Mr. Choi Ping Chung as Independent Non-executive Directors.