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NEED NOT TAKE ANY ACTION IN RESPONSE TO IT**

If you have sold or transferred all your shares in AEON Credit Service (Asia) Company Limited you should hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

AEON 信貨財務(亞洲)有限公司

(incorporated in Hong Kong with limited liability)

DISCLOSEABLE TRANSACTION

This circular may not be distributed in the United States of America. This document is not intended to give information to potential investors in the Investor Certificate and is not an offer to sell or a solicitation of an offer to buy the Investor Certificate.

A letter from the Managing Director is set out on pages 1 to 5 of this circular.

10th February 2004

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DEFINITIONS

“Amendment Agreement”	an amendment agreement dated 19th January 2004 entered into between Nihon (Hong Kong) Company Limited, AEON Credit Service (Asia) Company Limited, Mitsubishi Securities (HK), Limited, The Bank of New York, The Bank of New York, Hong Kong Branch and The Bank of Tokyo-Mitsubishi, Ltd., Hong Kong Branch for the purpose of the Transaction
“Arranger”	Mitsubishi Securities (HK), Limited (formerly known as Tokyo-Mitsubishi International (HK) Limited)
“Back-Up Servicer”	The Bank of New York whose principal office is at 101 Barclay Street, 21st Floor West, New York, New York 10286
“Back-Up Servicing Agreement”	a back-up servicing agreement dated 19th September 2002 (as amended by the Amendment Agreement) entered into between the Back-Up Servicer, the Purchaser, the Trustee, the Servicer, the Seller and the Transaction Administrator
“Closing Date”	4th February 2004
“Collections”	all payments, income and proceeds received by the Servicer in respect of the receivables in the Trust whether in the form of cash, cheques (to the extent collected or honoured), wire transfers, automatic teller machine transfers or other form of payment in Hong Kong dollars from the relevant credit card holders
“Collection Period”	the period from and including the 21st day of a calendar month to and including the 20th day of the following calendar month
“Company”	AEON Credit Service (Asia) Company Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange
“Cut-Off Date”	20th January 2004
“Directors”	director(s) of the Company
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Initial Investor Amount”	the principal amount of the investor certificate issued in respect of the securitisation effected by the Company on 4th October 2002 which is HK\$600 million

DEFINITIONS

“Investor Certificate”	HK\$850 million floating rate receivables backed certificate issued by the Trustee pursuant to the Supplemental Sale Agreement and the Pooling and Servicing Agreement, representing a fractional undivided interest in the Trust Assets
“Latest Practicable Date”	6th February 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Schedule”	a master schedule of definitions, interpretation and construction dated 19th September 2002 (as amended by the Amendment Agreement) entered into between AEON Credit Service (Asia) Company Limited, Nihon (Hong Kong) Company Limited, Tokyo-Mitsubishi International (HK) Limited (now known as Mitsubishi Securities (HK), Limited), The Bank of New York, The Bank of New York, Hong Kong Branch and The Bank of Tokyo-Mitsubishi, Ltd., Hong Kong Branch
“Pooling and Servicing Agreement”	a pooling and servicing agreement dated 19th September 2002 (as amended by the Amendment Agreement) entered into between the Purchaser, the Trustee, the Seller, the Servicer, the Transaction Administrator and the Back-up Servicer
“Purchaser”	Nihon (Hong Kong) Company Limited, a special purpose company incorporated under the laws of Hong Kong, whose shares are held by an exempted company incorporated in the Cayman Islands. The shares of such Cayman holding company are held by a trust company organised under the laws of the Cayman Islands which has declared a trust over such shares for the benefit of charities
“Receivables”	includes all principal receivables billed to the cardholders on the relevant eligible accounts selected from a portfolio of revolving credit card accounts, together with all related rights and assets (including, without limitation, the rights to all payments of periodic finance charges, membership fees, late payment fees and cash advance fees and all recoveries and proceeds thereof), which were originated by the Company and transferred to the Purchaser pursuant to the Supplemental Sale Agreement

DEFINITIONS

“Receivables Sale Agreement”	a receivables sale agreement dated 19th September 2002 (as amended by the Amendment Agreement) entered into between the Seller and the Purchaser
“Revolving Period”	the period beginning on 4th October 2002 and ending on 20th September 2005, unless previously terminated as a result of the occurrence of an early amortisation event
“Securitisations”	the Transaction and the securitisation of receivables effected by the Seller on 4th October 2002 pursuant to, inter alia, the Receivables Sale Agreement, the Pooling and Servicing Agreement and the Back-Up Servicing Agreement
“Seller”	the Company acting in its capacity as seller of the Receivables
“Servicer”	the Company acting in its capacity as servicer of the receivables in the Trust
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Sale Agreement”	a supplemental sale agreement dated 19th January 2004 entered into between the Seller and the Purchaser
“Transaction”	the securitisation of the Receivables under the Supplemental Sale Agreement as described in the Letter from the Managing Director contained in this circular
“Transaction Administrator” and “Agent”	Mitsubishi Securities (HK), Limited (formerly known as Tokyo-Mitsubishi International (HK) Limited)
“Trust”	the trust declared and created by the Trustee under the Pooling and Servicing Agreement
“Trust Assets”	a fungible pool of assets held by the Trust including, inter alia, the receivables originated by the Seller and sold to the Purchaser from time to time, and all related rights and assets, pursuant to the Receivables Sale Agreement and, where the context requires, the Supplemental Sale Agreement and all of the Trustee’s rights and interest in certain trust bank accounts established by the Trustee for the purpose of receiving and distributing the Collections and all recoveries and proceeds thereof
“Trustee”	the Purchaser acting in its capacity as trustee of the Trust under the Pooling and Servicing Agreement

LETTER FROM THE MANAGING DIRECTOR



AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

AEON 信貨財務(亞洲)有限公司

(incorporated in Hong Kong with limited liability)

Directors:

Executive Directors

Masanori Kosaka (*Managing Director*)

Lai Yuk Kwong

Koh Yik Kung

Non-Executive Directors

Yoshiki Mori (*Chairman*)

Kazuhide Kamitani

Yoichi Kimura

Independent Non-Executive Directors

Shao You Bao

Tsang Wing Hong

Registered Office:

37th Floor

The World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

10th February 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION CREDIT CARD RECEIVABLES SECURITISATION

1. INTRODUCTION

It was announced on 19th January 2004 that the Company had engaged the Arranger in raising up to HK\$250 million through the realisation of certain eligible credit card receivables originated and selected by the Company to the Purchaser, which would issue trust certificates backed by such receivables. The purpose of this circular is to give you further information on the Transaction.

Capitalised terms used in this letter shall, unless the context requires otherwise or unless otherwise defined herein, have the meaning given to them in the “Definitions” section of this circular.

LETTER FROM THE MANAGING DIRECTOR

2. STRUCTURE OF THE TRANSACTION

(a) The Receivables

Under the Receivables Sale Agreement, the Purchaser had purchased certain eligible credit card receivables and all related rights and assets originated by the Company on 4th October 2002. Such receivables, rights and assets have been held under the Trust, forming the current fungible pool of Trust Assets, upon the terms and conditions set out in the Transaction Documents (as defined in the Master Schedule which include the Receivables Sale Agreement, the Pooling and Servicing Agreement and the Back-Up Servicing Agreement).

Pursuant to the Supplemental Sale Agreement, the Purchaser had agreed to purchase from the Company the Receivables arising as at the Cut-Off Date and thereafter, from time to time upon the term and conditions set out therein and in the Receivables Sale Agreement. All Receivables would be transferred at book value. The aggregate amount of Receivables transferred to the Purchaser as at the Cut-Off Date was approximately HK\$245 million representing approximately 18% of the existing receivables arising from the credit card accounts of the Company.

Following the above sale and purchase, the Trust Assets will include the Receivables and all related rights and assets which will be held in the Trust pursuant to the Transaction Documents.

In order to effect the sale and purchase of Receivables contemplated in the Supplemental Sale Agreement, each party to the Master Schedule had entered into the Amendment Agreement for the purpose of effecting amendments to certain Transaction Documents. Other than such amendments, the Transaction Documents executed on 19th September 2002 remain in full force and effect and the Trust Assets are held subject to the terms thereof.

On the Closing Date, the Company received a cash payment of HK\$250 million and the Seller Certificate and the Subordinated Certificate (referred to below).

The Company has given certain representations and warranties and certain undertakings in respect of the Receivables under the Supplemental Sale Agreement and the Receivables Sale Agreement, including that the Receivables transferred were those with good payment record of no more than 30 days past due. The remedy available to the Purchaser and, indirectly, to the holder of the Investor Certificate for breach of such representations and warranties or undertakings will be to require the Company to repurchase the relevant Receivables for the then outstanding principal amount together with finance charges accrued thereon.

LETTER FROM THE MANAGING DIRECTOR

(b) The Certificates

To fund the purchase of the Receivables, three types of certificates (“**New Certificates**”) were issued by the Trustee on the Closing Date, each representing a fractional undivided interest in the Trust Assets. The New Certificates had been issued in substitution for and replacement of the investor certificate, seller certificate and subordinated certificate, each dated 4th October 2002 (“**Existing Certificates**”) and on the condition that the Existing Certificates would be surrendered to the Trustee forthwith upon issue of the New Certificates.

The first type of New Certificates, the Investor Certificate, was issued to a third party investor (“**Investor**”) in consideration for a loan in the aggregate amount of HK\$250 million made available to the Purchaser on the Closing Date for the purpose of making the cash payment to the Company for the transfer of Receivables. That loan has been rated “A” by Standard and Poor’s. The Investor Certificate represents the principal amount of such loan and the Initial Investor Amount. The second type (“**Seller Certificate**”) and the third type (“**Subordinated Certificate**”) of New Certificates were issued to the Company on the Closing Date.

The interest in the Trust Assets represented by the Investor Certificate ranks *pari passu* with the interest in the Trust Assets represented by the Seller Certificate. The interest in the Trust Assets represented by the Subordinated Certificate is subordinated to the interest in the Trust Assets represented by the Investor Certificate. The interest in the Trust Assets represented by the Seller Certificate is an amount equal to the remaining portion of the Trust Assets not represented by the Investor Certificate and the Subordinated Certificate.

Interest accrued on the Investor Certificate will be payable in Hong Kong dollars in respect of each monthly interest period at the annual rate of one month Hong Kong Inter-bank Offered Rate (subject to a certain maximum rate) plus certain agreed margin. No interest will accrue on any amount outstanding under the Seller Certificate or the Subordinated Certificate.

The Subordinated Certificate is issued to enhance the credit of the Investor Certificate. The issue of the Seller Certificate serves to provide excess receivables to maintain the agreed level of receivables (represented by the Investor Certificate and the Subordinated Certificate) in the Trust. The level of receivables in the Trust may fluctuate due to the repayment of principal and/or any receivables being charged-off as a result of default in payment by the credit card holders or other dilutions. In the event that the amount of outstanding receivables in the Trust is reduced below the agreed level, additional eligible receivables will be designated by the Company and transferred to the Purchaser which will then be held by the Purchaser subject to the Trust for the purposes of the Securitisations.

(c) The Company as Servicer

Pursuant to the Pooling and Servicing Agreement, the Company acts as the Servicer for the Securitisations and, in such capacity, continues to be responsible for servicing the Trust Assets, including receiving the Collections and (if applicable) enforcing the payment of them.

LETTER FROM THE MANAGING DIRECTOR

As the Servicer, the Company is entitled to receive a monthly servicing fee of 2% per annum of the outstanding principal receivables in the Trust of the preceding Collection Period. Upon the occurrence of any servicer termination event and unless such event is remedied, the Company may be removed as the Servicer. In such event, the Back-Up Servicer will assume the Company's servicing obligations. Servicer termination events include those events where the Company is unable to perform its duties as the Servicer because it is insolvent or where it has ceased its consumer financing business. For so long as the Pooling and Servicing Agreement remains in force, the Company is required to perform functions and exercise discretion in relation to the Trust Assets in generally the same manner and to the same standard as it serves credit card receivables in its own portfolio.

During the Revolving Period, all Collections received by the Company in its capacity as the Servicer in respect of each Collection Period will be deposited in a collection account established and maintained in the name of the Trustee. Collections representing the principal balance of the receivables held in the Trust will be invested as purchase price payable in respect of new receivables transferred to the Purchaser during the relevant Collection Period. Collections representing the finance charges are utilised to pay interest, fees and expenses and other amounts due under the Investor Certificate and the Seller Certificate. Any amounts in excess of those payable under the Investor Certificate will be distributed to the Company under the Subordinated Certificate. There is no recourse against the Trust if the Collections are insufficient to pay interest on the Investor Certificate and/or any ongoing costs and expenses.

The Securitisations will revolve until 20th September 2005 after which the amortisation period will commence where the Collections representing the principal balance of the receivables in the Trust and allocable to the Investor Certificate will be applied in repayment of the principal amount of the Investor Certificate. Collections representing the principal balance of the receivables in the Trust and allocable to the Seller Certificate will continue to be invested in purchasing new receivables transferred to the Purchaser in the relevant Collection Period unless an early amortisation event occurs. If an early amortisation event occurs, such Collections allocable to the Seller Certificate will be used to repay the principal amount of the Investor Certificate. Upon full repayment of all amounts due under the Investor Certificate, all Collections representing the principal balance of the receivables in the Trust will be applied to pay the holder of the Seller Certificate and the Subordinated Certificate in accordance with their respective entitlement.

Once the Investor Certificate is fully repaid, the Trust will only be represented by the Seller Certificate and the Subordinated Certificate and may then be terminated. Upon liquidation of the Trust, the remaining Trust Assets represented by the Seller Certificate and the Subordinated Certificate will be transferred back to the Company at book value in its capacity as the holder thereof.

LETTER FROM THE MANAGING DIRECTOR

(d) General

The Purchaser, the Trustee, the Transaction Administrator, the Agent, the Back-Up Servicer, the Investor and the charities referred to in the definition of “Purchaser” are not connected with the Company, the Directors, chief executive or substantial shareholder of the Company or any of their subsidiaries or their respective associates (as defined in the Listing Rules) for the purposes of Chapter 14 of the Listing Rules.

In view of the value of the assets being realised by the Company and the payment received by the Company, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules and shareholders’ approval in a general meeting is not required.

This circular is issued purely for your information and you need not take any action in response to it.

3. REASON FOR THE TRANSACTION

The Company is principally engaged in the provision of consumer credit finance services, which include the issuance of credit cards, the provision of vehicle financing, hire purchase financing and personal loan financing.

The Directors are of the view that the Transaction is in the interests of the Company and allows the Company to obtain a sizable committed Hong Kong dollar term financing, of which the amount, maturity and cost is competitive with other available sources of bank lending. The payment received enlarges the Company’s funding base, thus enabling the Company to write new credit card receivables and expand or develop other business.

4. ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
MASANORI KOSAKA
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SHARES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such person has taken or is deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(a) The Company

Directors	Number of shares held under personal interests
Yoshiki Mori	440,000
Masanori Kosaka	110,000
Kazuhide Kamitani	1,045,000
Shao You Bao	330,000
Tsang Wing Hong	220,000

(b) AEON Credit Service Co., Ltd. – immediate holding company of the Company

Directors	Number of shares held under personal interests
Yoshiki Mori	14,042
Masanori Kosaka	3,832
Kazuhide Kamitani	4,215

(c) AEON Co., Ltd. – ultimate holding company of the Company

Directors	Number of shares held under personal interests
Yoshiki Mori	3,000
Yoichi Kimura	2,000

(d) AEON Stores (Hong Kong) Co., Limited – a fellow subsidiary of the Company

Director	Number of shares held under personal interests
Shao You Bao	200,000

(e) AEON Thana Sinsap (Thailand) PLC. – a fellow subsidiary of the Company

Directors	Number of shares held under personal interests
Yoshiki Mori	300,000
Masanori Kosaka	20,000
Kazuhide Kamitani	100,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such person has taken or is deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. SHAREHOLDERS' INTERESTS IN SHARES

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the normal value of any class of share carrying rights to vote in all circumstances at general meetings of any other member of the group:

Name	Number of shares	%
ÆON Credit Service Co., Ltd. (Note 1)	217,514,000	51.9
ÆON Co., Ltd. (Note 2)	277,288,000	66.2
FMR Corp.	22,975,600	5.5

Notes:

- (1) Out of the 217,514,000 shares, 213,114,000 shares were held by ÆON Credit Service Co., Ltd. and 4,400,000 shares were held by Nomura Securities (HK) Limited, as nominees on behalf of ÆON Credit Service Co., Ltd..

- (2) **ÆON Co., Ltd.** was the direct beneficial owner of 55,990,000 shares in the capital of the Company and, by virtue of its ownership of approximately 45.1% and 71.6% of the issued share capital of **ÆON Credit Service Co., Ltd.** and **AEON Stores (Hong Kong) Co., Limited** respectively, was deemed to be interested in the 217,514,000 shares and 3,784,000 shares owned by **ÆON Credit Service Co., Ltd.** and **AEON Stores (Hong Kong) Co., Limited** respectively.

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the group.

6. MISCELLANEOUS

- (a) The registered office of the Company is situated at 37th Floor, The World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (b) The company secretary is Koh Yik Kung, barrister.
- (c) The share registrars and transfer office of the Company is Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.