

## IMPORTANT

**If you are in any doubt** about this circular, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in AEON Credit Service (Asia) Company Limited, you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale 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)*

## **PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES**

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A notice convening the Annual General Meeting of the Company to be held at Marriott Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, No. 88 Queensway, Hong Kong on Thursday, 19th June 2003 at 11:30 a.m., at which the above proposals will be considered, is set out in the 2002/03 Annual Report sent together with this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting if you so wish.

22nd May 2003



## 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:*

Yoshiki MORI (*Chairman*)\*  
Masanori KOSAKA (*Managing Director*)  
LAI Yuk Kwong  
KOH Yik Kung  
Kazuhide KAMITANI\*  
Yoichi KIMURA\*  
SHAO You Bao\*\*  
TSANG Wing Hong\*\*

*Registered Office:*

37th Floor  
The World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

\* *Non-executive Directors*

\*\* *Independent non-executive Directors*

22nd May 2003

*To the Shareholders*

Dear Sir or Madam,

#### **GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES**

The Directors propose that they be granted at the Annual General Meeting:

- (a) a general and unconditional mandate to allot, issue and otherwise deal with additional shares of HK\$0.10 each in the capital of the Company (“**Shares**”) up to a maximum of 20 per cent of the issued share capital of the Company at the date of passing of the resolution;
- (b) a general and unconditional mandate to exercise all the powers of the Company to purchase Shares up to a maximum of 10 per cent of the issued share capital of the Company at the date of passing of the resolution (the “**Repurchase Mandate**”); and
- (c) an extension of the general and unconditional mandate to be granted to the Directors under paragraph (a) above by the aggregate nominal amount of Shares purchased by the Company pursuant to the Repurchase Mandate.

The authority conferred on the Directors by the general mandates above will continue in force until the conclusion of the next annual general meeting of the Company unless it is revoked or varied by ordinary resolution of the shareholders in general meeting prior to the next annual general meeting.

## **SHARE CAPITAL**

As at 15th May 2003 (the “**Latest Practicable Date**” being the latest practicable date prior to the printing of this circular), the number of Shares in issue was 418,765,600.

Subject to the passing of the ordinary resolution approving the Repurchase Mandate, and on the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to purchase a maximum of 41,876,560 Shares.

## **REASON FOR THE REPURCHASES**

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

## **FUNDING OF REPURCHASES**

Repurchases pursuant to the Repurchase Mandate would be funded from the available cash flow and/or working capital facilities of the Company. The funds employed by the Company in connection with a repurchase of Shares would be those legally available for such purpose under the Company’s Memorandum and Articles of Association and the Companies Ordinance.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited financial statements as at 20th February 2003) in the event the Repurchase Mandate were exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant repurchases unless the Directors determined that such repurchases were, taking account of all relevant factors, in the best interests of the Company.

## **DISCLOSURE OF INTERESTS**

- (a) None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, their associates have any present intention, if the Repurchase Mandate is approved and exercised, to sell any Shares to the Company or its subsidiaries.
- (b) No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Repurchase Mandate is approved by shareholders.
- (c) If, as a result of a repurchase of Shares, a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Codes on Takeovers and Mergers and Share Repurchases (the “**Takeovers Code**”). Accordingly, a shareholder or a group of shareholders acting in

concert, could, depending on the level of increase of the shareholders' interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

- (d) As at the Latest Practicable Date, **ÆON Credit Service Co., Ltd.** and **ÆON Co., Ltd.** were interested in Shares representing approximately 51.94 per cent and 66.22 per cent of the issued share capital of the Company respectively. In the event that the Directors exercise in full the Repurchase Mandate, the shareholdings of **ÆON Credit Service Co., Ltd.** and **ÆON Co., Ltd.** would be increased to approximately 57.71 per cent and 73.57 per cent respectively. Such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code and would not result in the aggregate amount of the share capital of the Company in public hands being reduced to less than 25 per cent.

## **DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

## **SHARE REPURCHASES MADE BY THE COMPANY**

No repurchases of Shares have been made by the Company, whether on the Stock Exchange or otherwise, in the previous six months.

## **SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

	Share Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2002</b>		
May	3.320	3.095
June	3.370	3.050
July	3.100	2.650
August	2.675	2.300
September	2.750	2.425
October	2.700	2.375
November	2.900	2.625
December	2.875	2.650
<b>2003</b>		
January	2.775	2.450
February	2.775	2.625
March	2.750	2.500
April	2.700	2.425

## **RECOMMENDATION**

The Directors believe that the proposals are in the best interest of the Company and the shareholders and recommend that all shareholders should vote in favour of the aforesaid resolutions to be proposed at the Annual General Meeting. The Directors will vote all their shareholdings in favour of the resolutions.

Yours faithfully,  
**MASANORI KOSAKA**  
*Managing Director*