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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 MASTER AGREEMENT**

Reference is made to the announcement of the Company dated 26 February 2019 with respect to the sale and purchase of AEON Stores Gift Certificates contemplated under the Master Agreement.

As the Master Agreement will expire on 28 February 2022, the Company and AEON Stores have on 22 February 2022 entered into the 2022 Renewal Agreement to extend the term of the Master Agreement for a further term of three years from 1 March 2022 to 28 February 2025.

AEON Stores is a fellow subsidiary of the Company. Accordingly, the 2022 Renewal Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Transactions under the 2022 Renewal Agreement exceeds 0.1% but is less than 5%, the Transactions are 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

Reference is made to the announcement of the Company dated 26 February 2019 with respect to the sale and purchase of AEON Stores Gift Certificates contemplated under the Master Agreement.

The Company has a continued demand for AEON Stores Gift Certificates in connection with its business. As the Master Agreement will expire on 28 February 2022, the Company and AEON Stores have on 22 February 2022 entered into the 2022 Renewal Agreement to extend the term of the Master Agreement for further three years on substantially the same terms.

THE 2022 RENEWAL AGREEMENT

Date

22 February 2022

Parties

- (a) AEON Stores; and
- (b) the Company.

Term

Fixed term of three years commencing from 1 March 2022 and ending on 28 February 2025.

Sale and purchase

AEON Stores and the Company may enter into the Transactions in accordance with the terms and conditions of the 2022 Renewal Agreement and in compliance with the Listing Rules.

Consideration and payment terms

Pursuant to the 2022 Renewal Agreement, consideration for the AEON Stores Gift Certificates payable to AEON Stores shall be the aggregate of the respective face values of the AEON Stores Certificates actually sold to the Company.

Payment by the Company to AEON Stores for the AEON Stores Gift Certificates shall be made at the time of placing an order. Upon receipt of payment, AEON Stores shall arrange for issuance of AEON Stores Gift Certificates.

Termination and renewal

The 2022 Renewal Agreement may be terminated by either party prior to the expiry of the fixed term by giving not less than ninety (90) days' prior written notice of termination to the other party and may be renewed on such terms and conditions as the Company and AEON Stores may mutually agree.

ANNUAL CAPS

The aggregate amount of consideration paid by the Company to AEON Stores for the Transactions under the Master Agreement for the three years ending 28 February 2022 was HK\$10,994,000, HK\$9,000,000 and approximately HK\$8,000,000 respectively.

It is estimated that the maximum annual aggregate amount of consideration payable by the Company to AEON Stores in respect of the Transactions under the 2022 Renewal Agreement would not exceed the Annual Caps set out below:

<u>Financial Year</u>	<u>Annual Caps</u>
1/3/2022 to 28/2/2023	HK\$ 16,500,000
1/3/2023 to 29/2/2024	HK\$ 16,500,000
1/3/2024 to 28/2/2025	HK\$ 16,500,000

The Annual Caps have been determined after taking into account the projected increase in the demand for AEON Stores Gift Certificates from the cardholders and/ or other customers of the Group as a potential result of (i) proposed expansion of the Company's branch and cardholder recruitment/ acquisition network for a wider geographical coverage in Hong Kong that aims to

increase the number of such cardholders; (ii) anticipated credit card bonus point program revamp that is likely to boost customer spending and, accordingly, the number of bonus points awarded; (iii) expected introduction of a more convenient means of redeeming bonus points for AEON Stores Gift Certificates directly through the Company's AEON HK Mobile App; and (iv) ongoing collaboration between the Company and AEON Stores to promote the business of the Group. Such projected increase in the demand for AEON Stores Gift Certificates should be likely to more than offset the decline in the historical value of the Transactions under the Master Agreement, which was largely brought about by the option available to the cardholders of the Company from 2020 onwards for them to settle their credit card bills in whole or in part using the bonus points earned.

REASONS FOR THE TRANSACTIONS

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.

The Company is issuing credit cards as well as providing credit purchase facilities, card instalment facilities, payment solutions and related services to customers of AEON Stores. It is in the interest of the Company to continue maintaining the collaboration with AEON Stores and to provide sufficient AEON Stores Gift Certificates for redemption and as incentive to keep on stimulating customer spending and promoting the business of the Group.

The Directors, including the Independent Non-executive Directors, consider that 2022 Renewal Agreement was entered into in the ordinary and usual course of business of the Company, the terms of the 2022 Renewal Agreement are on normal commercial terms and were negotiated on an arm's length basis, and both the terms of the 2022 Renewal Agreement and the 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. Accordingly, the 2022 Renewal Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in relation to the Transactions under the 2022 Renewal Agreement exceeds 0.1% but is less than 5%, the Transactions are 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, no Director has abstained from voting on the Board resolutions approving the Transactions.

DEFINITIONS

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

“2022 Renewal Agreement”	the agreement dated 22 February 2022 entered into between the Company and AEON Stores, major terms of which are set out in this announcement
“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
“AEON Stores Gift Certificates”	cash certificates issued by AEON Stores with their respective value and expiry date clearly marked thereon and readily accepted by AEON Stores as cash equivalents for settling transactions within its validity period usually of two (2) years from issuance
“Annual Caps”	the annual caps under the 2022 Renewal 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
“Director(s)”	the director(s) 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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 1 March 2016 entered into between the Company and AEON Stores in respect of the Transactions, as renewed by the renewal agreement dated 26 February 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions between the Company and AEON Stores for sale and purchase of AEON Stores Gift Certificates

By Order of the Board
Tomoharu Fukayama
Managing Director

Hong Kong, 22 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.