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## AEON CREDIT SERVICE (ASIA) COMPANY LIMITED



(Incorporated in Hong Kong with limited liability)

(Stock code: 900)

### CONNECTED TRANSACTION

On 7th February 2007, the Company subscribed for 4,200,000 new shares in AEON Taiwan for a consideration of NTD42,000,000 (approximately HK\$9,933,000).

The Share Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules.

#### PARTICULARS OF THE SHARE SUBSCRIPTION

<b>Date</b>	7th February 2007
<b>Parties</b>	(1) The Company (2) AEON Taiwan
<b>Number of shares</b>	4,200,000 new shares at the nominal value of NTD10 each in AEON Taiwan, representing 4.4% of the enlarged issued share capital of AEON Taiwan upon completion of subscription
<b>Consideration</b>	NTD42,000,000 (approximately HK\$9,933,000) payable in cash on or before 9th February 2007 and funded by the internal resources of the Company

The above consideration was determined by reference to the nominal value of the shares of AEON Taiwan.

#### INFORMATION ON AEON TAIWAN

AEON Taiwan will be issuing 34,400,000 new shares in this new share placement which will be allotted on a pro-rata basis to AEON Credit Japan and the Company. AEON Taiwan is owned as to 87.8% by AEON Credit Japan and 12.2% by the Company before and after the completion of the Share Subscription. The principal activities of AEON Credit Japan are credit card and personal loan business. The principal activity of AEON Taiwan is credit card business.

As at 20th February 2006, based on AEON Taiwan's audited accounts, AEON Taiwan recorded a net asset value of approximately NTD337,800,000 (approximately HK\$79,898,000) and total asset value of NTD427,100,000 (approximately HK\$101,014,000). For the financial year ended 20th February 2005, the audited net loss before and after taxation of AEON Taiwan amounted to approximately NTD94,200,000 (approximately HK\$22,280,000). For the financial year ended 20th February 2006, the audited net loss before and after taxation of AEON Taiwan amounted to approximately NTD69,900,000 (approximately HK\$16,532,000).

The investment in AEON Taiwan will be accounted for as available-for-sale investment in the financial statements of the Company and measured at fair value at each balance sheet date subsequent to initial recognition.

#### REASONS FOR THE SHARE SUBSCRIPTION

AEON Taiwan has maintained a stable business development despite the current adverse changes in the operating environment in Taiwan. With the anticipated recovery in the economic situation in the near future, AEON Taiwan is expected to grow faster in the coming years with its aggressive business expansion in issuing more affinity cards with leading retailers and chain stores in the consumer market in Taiwan. The Company knows AEON Taiwan's business well and is confident that the Company's investment in AEON Taiwan will bring good returns to the Company in the long run and thus enhancing the shareholders' value of the Company.

The directors of the Company, including the independent non-executive directors, are of the view that the terms of the Share Subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### LISTING RULES REQUIREMENTS

AEON Taiwan is a subsidiary of AEON Credit Japan, which is a substantial shareholder of the Company interested in approximately 51.9% of the issued share capital of the Company. AEON Taiwan is therefore a connected person of the Company under the Listing Rules and the Share Subscription constitutes a connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Share Subscription is less than 2.5%, the transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from independent shareholders' approval requirements under the Listing Rules. Details of the transaction will be included in the next published annual report and accounts of the Company.

#### GENERAL

The Company 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 and hire purchase financing for vehicles and household and other consumer products.

#### DEFINITIONS

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

"AEON Credit Japan"	AEON Credit Service Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange, Inc.
"AEON Taiwan"	AEON Credit Card (Taiwan) Co., Ltd., a company incorporated in Taiwan with limited liability
"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
"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
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"NTD"	New Taiwan dollars, the lawful currency of Taiwan
"Share Subscription"	the subscription of 4,200,000 new shares of NTD10 each by the Company in AEON Taiwan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Masanori Kosaka**  
Managing Director

Hong Kong, 8th February 2007

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Masanori Kosaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Ms. Koh Yik Kung, Mr. Pan Shu Pin, Ban, Mr. Tomoyuki Kawahara, and Mr. Fung Kam Shing, Barry as executive directors; Mr. Yoshiki Mori (Chairman) and Mr. Kazuhide Kamitani as non-executive directors; and Mr. Tsang Wing Hong, Mr. Wong Hin Wing and Dr. Hui Ching Shan as independent non-executive directors.