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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)**

**CONNECTED TRANSACTION  
AND CONTINUING CONNECTED TRANSACTION  
TM LICENCE AGREEMENT**

On 28 February 2023, the Company (as licensee) and AEON Stores (as licensor) entered into the TM Licence Agreement for the lease of the Premises for a term of one year.

In view of the similar nature of the respective transactions under the TM Licence Agreement and the Existing Licence Agreement, and that the Premises under the TM License Agreement and the Existing Premises under the Existing License Agreement are both within the AEON Stores' TM Branch for the same use as a branch of the Company, such transactions shall be aggregated for transaction classification purposes pursuant to Chapter 14A of the Listing Rules.

AEON Stores is a fellow subsidiary of the Company. As the Group elects to recognise each of the lease of the Premises under the TM Licence Agreement and the lease of the Existing Premises under the Existing Licence Agreement as a one-off acquisition of a right-of-use asset under HKFRS 16, they together constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Payment of Outgoings from the Company to AEON Stores respectively under the TM Licence Agreement and the Existing Licence Agreement constitutes a continuing connected transaction.

As one or more of the applicable percentage ratios in respect of the Aggregated Transaction Amount exceed 0.1% but are less than 5%, the TM Licence Agreement is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**BACKGROUND**

On 28 February 2023, the Company and AEON Stores entered into the TM Licence Agreement for the lease of the Premises for a term of one year.

**TM LICENCE AGREEMENT**

**Date**

28 February 2023

**Parties**

- (a) The Company as licensee; and
- (b) AEON Stores as licensor.

**Premises**

Shop No. G04, Ground Floor, Commercial Accommodation of Tuen Mun Town Plaza, Phase I, 1 Tuen Shing Street, Tuen Mun, New Territories, Hong Kong, with an approximate area of 914 square feet.

**Term**

One year from 28 February 2023 to 27 February 2024.

**Licence Fee**

HK\$282,426 per month (exclusive of Rates, Management Fee and Utility Charges).

The licence fee was arrived at after arm's length negotiations between the parties with reference to prevailing market rent, which was ascertained through comparing the rentals of other properties of similar use, function and utility in about the same location.

**Rates**

5% of the Licence Fee per month.

**Management Fee**

HK\$13,710 per month (subject to upward adjustment by AEON Stores), with a one-off fitting-out management fee of HK\$43,872 and a one-off grand opening promotion levy of HK\$9,000 in addition.

**Utility Charges**

Based on the tariffs of the applicable public utility providers and the actual amount of consumption by the Company (Utility Charges are payable to AEON Stores only with respect to such utilities for which the Company's own accounts with the applicable public utility providers are not maintained).

**Payment Term**

The Licence Fee, Rates, Management Fee and Utility Charges are to be paid in advance on a monthly basis.

## **Licence Fee-Free Period**

12 days from 28 February 2023 to 11 March 2023 for decoration and renovation purposes, subject to the Company, for this entire period, (i) paying for all Outgoings; and (ii) not commencing business at the Premises.

## **EXISTING PREMISES AND EXISTING LICENCE AGREEMENT**

Apart from the Premises that is within AEON Stores' TM Branch, the Company also has the right to use the Existing Premises for a term of one year from 1 April 2022 to 31 March 2023 pursuant to the original Existing Licence Agreement previously entered into by the Company (as licensee) and AEON Stores (as licensor). Under the original Existing Licence Agreement, licence fee at HK\$189,060 per month (exclusive of rates at 5% of such licence fee, management fee currently at HK\$8,204 per month and utility charges) are payable by the Company to AEON Stores.

To facilitate the transition of the Company's branch from the Existing Premises to the Premises with minimal interruption to its business and operations, the Company and AEON Stores entered into the Extension Agreement in order to extend the term of the Existing Premises for a period of three months from 1 April 2023 to 30 June 2023 on the same terms and conditions under the original Existing Licence Agreement.

## **IMPLICATIONS OF HKFRS 16 TO TM LICENCE AGREEMENT AND EXISTING LICENCE AGREEMENT**

The unaudited value of the right-of-use asset recognised by the Company for the lease of the Premises under the TM Licence Agreement amounts to approximately HK\$3,380,000, which is the present value of (i) the total Licence Fee payable throughout the Term; and (ii) the estimated costs of reinstatement of the Premises on the surrender of the Premises following expiry or earlier termination of the TM Licence Agreement, in accordance with HKFRS 16. Incremental borrowing rate of 3.08% is applied to compute the present value.

The unaudited value of the right-of-use asset for the lease of the Existing Premises under the Existing Licence Agreement as at the date of this announcement amounts to approximately HK\$750,000.

Outgoings under both the TM Licence Agreement and the Existing Licence Agreement will be recognised as expenses in the profit and loss accounts of the Company in the respective financial periods in which they are incurred.

## **AGGREGATION OF TRANSACTIONS AND ANNUAL CAPS**

In view of the similar nature of the respective transactions under the TM Licence Agreement and the Existing Licence Agreement, and that the Premises under the TM License Agreement and the Existing Premises under the Existing License Agreement are both within the AEON Stores' TM Branch for the same use as a branch of the Company, such transactions shall be aggregated for transaction classification purposes pursuant to Chapter 14A of the Listing Rules. The Aggregated Transaction Amount amounts to approximately HK\$4,130,000.

Based on the Outgoings as mentioned above, and taking into account possible upward adjustment to the management fee charged by AEON Stores, it is expected that the maximum aggregate amount payable by the Company to AEON Stores for Outgoings under both the TM Licence Agreement and the Existing Licence Agreement would not exceed the Aggregated Annual Caps set out below:

	<b>For the financial year ending 28/29 February</b>	
	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual Caps under the Existing Licence Agreement	230	80
Annual Caps under the TM Licence Agreement	10	420
Aggregated Annual Caps	240	500

The total amount of Outgoings paid by the Company to AEON Stores under the Existing Licence Agreement for the year ending 28 February 2023 is expected to be no more than HK\$230,000.

## **REASONS FOR THE TRANSACTIONS**

The Company considers it beneficial to enter into the TM Licence Agreement for a larger premises to facilitate a more effectual provision of consumer credit finance services and insurance-related advisory services to the customers of both the Company and AEON Stores, as well as to maintain a close business relationship and collaboration with AEON Stores.

The Directors, including the independent non-executive Directors, consider that the TM Licence Agreement is entered into in the ordinary and usual course of business of the Company, the terms of the TM Licence Agreement are on normal commercial terms, and both the terms of the TM Licence Agreement and the Aggregated 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.

As the Group elects to recognise each of the lease of the Premises under the TM Licence Agreement and the lease of the Existing Premises under the Existing Licence Agreement as a

one-off acquisition of a right-of-use asset under HKFRS 16, they together constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Payment of Outgoings from the Company to AEON Stores respectively under the TM Licence Agreement and the Existing Licence Agreement constitutes a continuing connected transaction.

Given that none of the applicable percentage ratios in relation to the right-of-use asset with respect to the Existing Premises (whether initially or as at the date of this announcement) or the Aggregated Annual Caps exceed HK\$3,000,000, each of (i) the Existing Licence Agreement on its own; and (ii) the continuing connected transaction with respect to payment of outgoings under the TM Licence Agreement, constitutes a de minimis transaction of the Company and is exempt from reporting, announcement, annual review (as applicable) and independent shareholders' approval requirements.

As one or more of the applicable percentage ratios in respect of the Aggregated Transaction Amount exceed 0.1% but are less than 5%, the TM Licence Agreement is subject to the reporting and announcement 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 contemplated under the TM Licence Agreement, no Director has abstained from voting on the Board resolutions approving the TM Licence 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 agency and brokerage business, and microfinance business.

AEON Stores is principally engaged in the operation of general merchandise stores.

## **DEFINITIONS**

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

“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’ TM Branch”	the Tuen Mun branch of AEON Stores, which is situated at Shop Nos. G081-G112 on Ground Floor, Shop Nos. UG082-UG120 on the Upper Ground Floor and Shop Nos. 1301 -1350 on First Floor of Commercial Accommodation of Tuen Mun Town Plaza, Phase I, 1 Tuen Shing Street, Tuen Mun, New Territories, Hong Kong
“Aggregated Annual Cap”	the Annual Caps under the TM Licence Agreement and the Existing Licence Agreement in aggregate for each of the two financial years ending 29 February 2024

“Aggregated Transaction Amount”	the unaudited value as recognised by the Company as at the date of this announcement of the right-of-use assets respectively for the lease of the Premises and the lease of the Existing Premises in aggregate
“Annual Caps”	the maximum aggregate annual value of Outgoings
“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
“Directors”	the directors of the Company
“Existing Licence Agreement”	the licence agreement dated 6 April 2022 entered into between the Company and AEON Stores for the lease of the Existing Premises, as subsequently amended and supplemented by the Extension Agreement
“Existing Premises”	Shop No. G002, Ground Floor, Commercial Accommodation of Tuen Mun Town Plaza, Phase I, 1 Tuen Shing Street, Tuen Mun, New Territories, Hong Kong, with an approximate area of 586 square feet
“Extension Agreement”	the agreement dated 28 February 2023 entered into between the Company and AEON Store for extending the term of the Existing Premises under the Existing Licence Agreement
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“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
“Outgoings”	outgoings under the either the TM Licence Agreement or the Existing Licence Agreement, comprising the rates, management fee and utility charges
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TM Licence Agreement” the licence agreement dated 28 February 2023 entered into between the Company and AEON Stores, particulars of which are set out in this announcement

By order of the Board  
**Tomoharu Fukayama**  
*Managing Director*

Hong Kong, 28 February 2023

*As at the date of this announcement, the Board comprises Mr. Tomoharu Fukayama (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Mr. Daisuke Takenaka and Mr. Wei Aiguo 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.*