

**AEON CREDIT SERVICE (M) BERHAD**  
(Company No. 412767-V)

MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BALLROOM 1 AND 2, INTERCONTINENTAL HOTEL, 165 JALAN AMPANG, 50450 KUALA LUMPUR ON THURSDAY, 21 JUNE 2018 AT 10.30 A.M.

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**PRESENT:**

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**DIRECTORS**

Mr. Ng Eng Kiat (Chairman)	- Also a Shareholder and Proxy for Shareholders
Mr. Kenji Fujita	- Managing Director (“MD”)
Dato’ Md Kamal Bin Ismaun	- Also a Shareholder
Mr. S Sunthara Moorthy A/L S Subramaniam	- Director
Mr. Tetsuro Takano	- Director
Ms. Lee Tyan Jen	- Also a Shareholder
Mr. Lee Kit Seong	- Director
Mr. Kiyoaki Takano	- Also a Shareholder
Mr. Ajith A/L Jayaram	- Also a Shareholder

**ABSENT WITH APOLOGIES**

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Mr. Tomokatsu Yoshitoshi	- Director
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**IN ATTENDANCE**

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Ms. Mieko Choong Lee Wah	- Company Secretary
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**BY INVITATION**

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Mr. Wong Kar Choon	- Engagement Partner, Messrs. Deloitte PLT Malaysia (“Deloitte”)
Mr. Mark Thomson	- Audit Risk Leader, Deloitte
Ms. Yap Ka Mei	- Engagement Manager, Deloitte

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**BY INVITATION (CONT'D)**  
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Mr. Soh Lian Seng	- Executive Director, Tax Risk Management, Representing Messrs. KPMG Tax Services Sdn. Bhd.
Mr. Jason Tan Jia Xin	- Representing Lee Hishammuddin Allen & Gledhill ("Lee Hishammuddin")
Mr. Chris Toh Pei Roo	- Representing Lee Hishammuddin
Ms. Lena Lim	- Representing Boardroom Corporate Services (KL) Sdn. Bhd. ("Boardroom")
Ms. Janice Yong	- Representing Boardroom
Ms. Angel Chee	- Representing Boardroom
Ms. Teo Wan Ting	- Representing Boardroom

The list of shareholders, corporate representatives and proxies who attended the Meeting are set out in the Attendance Sheets attached and shall form an integral part of this Minutes.

**1. CHAIRMAN**  
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- 1.1 The Chairman, Mr. Ng Eng Kiat, extended a warm welcome to all shareholders, corporate representatives, proxies and guests present at the Company's Twenty-First Annual General Meeting ("21<sup>st</sup> AGM").

**2. QUORUM**  
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- 2.1 The Company Secretary confirmed that a quorum was present. With the requisite quorum being present, the Meeting was called to order at 10.30 a.m.
- 2.2 The Chairman proceeded to introduce the Board of Directors and the Company Secretary to the shareholders. He also conveyed the apologies from Mr. Tomokatsu Yoshitoshi, who could not attend the 21<sup>st</sup> AGM, due to some travel technicalities.
- 2.3 Before proceeding with the agenda of the Meeting, Mr. Chairman in his opening remarks placed on record the passing of the Company's late Chairman, Dato' Abdullah bin Mohd Yusof, on 25 April 2018 and highlighted the late Dato' Chairman's legacy of leadership, wisdom and foresight contributing to the development and growth of the Company during the past twenty years. The Chairman also requested the Meeting to observe a minute of silence as a mark of respect to the late Dato' Chairman.

*A minute of silence was observed.*

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- 2.4 The Chairman then briefly updated the shareholders on the performance, dividend payout and strategies of the Company as well as the current economic environment vis-à-vis the Company's operations in Malaysia. On behalf of the Board, the Chairman also thanked and expressed his sincere gratitude to the shareholders for their confidence in the Management and their continuous support to the Company.

**3. NOTICE**  
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- 3.1 With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read. The Chairman then proceeded with the business of the 21<sup>st</sup> AGM.

**4. SUMMARY OF PROXIES RECEIVED**  
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- 4.1 As part of good governance, the Chairman informed the shareholders that the Company had received a total of 377 proxy forms from shareholders comprising a total of 200,696,083 ordinary shares representing 80.47% of the total number of issued shares of the Company as at 11 June 2018.
- 4.2 Out of these, there were 109 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and they collectively held 193,682,404 ordinary shares representing 77.66% of the total number of issued shares of the Company as at 11 June 2018.

**5. SHAREHOLDERS' RIGHTS**  
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- 5.1 The Chairman further informed the shareholders that they are encouraged to participate, speak and vote at this Meeting.

**6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**  
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- 6.1 The Chairman informed the Meeting that the Audited Financial Statements of the Company for the financial year ended 28 February 2018 ("FYE2018") together with the Reports of the Directors' and Auditors' thereon were meant for discussion only as the provision of Section 340 of the Companies Act 2016 does not require formal approval by the shareholders.

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- 6.2 At the invitation of the Chairman, Mr. Kenji Fujita, the MD of the Company, gave a brief overview on the Company's operations for the FYE2018 to the shareholders.
- 6.3 Mr. Lee Kit Seong, the Executive Director/Chief Financial Officer ("CFO") of the Company, then presented a detailed review of the Company's financial performance for the FYE2018, Key Policies for the FYE2018 (i.e. Expansion of Settlement Business, Improvement of Asset Quality and Value Chain Transformation), Corporate Responsibility and Events, Business Plan for the financial year ending 28 February 2019 ("FYE2019"), Inland Revenue Board ("IRB") Tax Audit Updates as well as Corporate Governance Enhancements, to the shareholders.
- 6.4 The CFO further informed that the Minority Shareholder Watchdog Group ("MSWG") had on 11 June 2018 written to the Company seeking clarification/information on several issues pertaining to strategic and financial matters of the Company as well as the Tax Audit. He proceeded to read out the questions received from MSWG and provided the answers to the questions raised at the meeting for the benefit of the shareholders. A copy of the slide presentation on the questions raised by the MSWG and answers is attached herein as Appendix A.
- 6.5 Subsequent to the presentations by the MD and the CFO, the Chairman invited questions from the floor on the Audited Financial Statements of the Company for the FYE2018. A number of shareholders and proxies provided their comments and sought clarification on various issues which were succinctly addressed by the Chairman, the MD and the CFO. The salient issues raised were as follows:-
- 6.5.1 The Company had set a threshold for the Non-Performing Loans ("NPLs") as an internal target. The Company plans to improve the NPLs via continuous enhancement/improvement on credit policies, collection management productivity and product portfolio management.
- 6.5.2 The Company's customer portfolio currently comprises mainly high B40 segment (lower-income segment), and it plans to expand its portfolio to M40 segment (middle-income segment) for the FYE2019. The products and services offered shall be tailor-made to meet the profile for M40 segment such as the introduction of platinum credit cards to tap into the above market. The Company expects to derive lower gross interest yields but credit cost and collections should be better from the M40 segment customers.
- 6.5.3 In respect of the tax audit, the Company was served with notices of additional assessment with penalties by the Director General of Inland Revenue ("DGIR") for year of assessment of 2010 till year of assessment of 2016. The additional assessments and penalties imposed amounted to RM96.820 million as a result of the DGIR varying the loan transaction collateralized by receivables undertaken by the Company with a local financial institution to that of a sale of receivables. The DGIR imposed penalties for alleged submission of incorrect returns. In consultation with the Company's tax solicitors and corporate tax agents, the Company is of the view that there are reasonable

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grounds to disagree with the said notices of additional assessment raised by the DGIR.

The Company is waiting for the outcome of the leave application and stay application filed with the Court of Appeal, of which the hearing date for the Company's appeal for leave application has been fixed on 20 July 2018. The Company had also filed an appeal to the Special Commissioners of Income Tax on 4 January 2018 and is awaiting the fixing of a hearing date. The Company shall endeavor to exhaust all legal avenues to mitigate its exposure to additional taxes on this matter.

- 6.5.4 The Company plans to introduce E-money and AEON Wallet as a group common platform. E-money is a settlement application which includes mobile wallet function to support the expansion of customer database by the integration of AEON group customer data for future business opportunities. The Company plans to penetrate into higher income and lower risk customer segment by utilizing the integrated AEON Group customer database. The Company targets to launch its E-money application before year end.
- 6.5.5 The borrowings denominated in US Dollars are attributable to the off-shore USD borrowings from financial institutions to mitigate and manage the Company's borrowing cost. The USD borrowings are fully hedged via cross currency and interest rate swap contracts entered into by the Company, hence, resulting in minimum financial risk exposure to the Company due to currency fluctuations.
- 6.5.6 The Company noted and acknowledged the importance of cyber security resilience, a matter that is also closely monitored by regulators (Bank Negara Malaysia ("BNM"), Bursa Malaysia Securities Berhad ("Bursa Securities") and Companies Commission of Malaysia). The Company has been investing in infrastructure and information technology systems to detect malware and other cyber security threats.
- 6.5.7 The Capital Adequacy Ratio ("CAR") of 16.0% is the minimum requirement imposed by BNM upon approving the credit card license of the Company. Management will be continuously evaluating all available options to ensure compliance in its business growth agenda.
- 6.5.8 On a question as to whether the litigation matter on the tax audit could have been included under Key Audit Matters ("KAM"), Deloitte responded that they are required to address key matters in accordance with their professional judgment whilst auditing the financial statements of the Company and took note of the comments from the shareholders in reviewing the matter.
- 6.5.9 As for the retention of Mr. Ng Eng Kiat and Dato' Md Kamal Bin Ismaun as Independent Non-Executive Directors of the Company, the Company takes cognizance of the importance of the Malaysian Code on Corporate Governance

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and shall endeavour to comply. The retirement of Datuk Ramli Bin Ibrahim on 28 February 2018 and the demise of Dato' Chairman of the Board on 25 April 2018 triggered the need to reexamine the Board composition and structure.

The Board has, via the Nominating Committee, assessed and deliberated, save for Mr. Ng Eng Kiat and Dato' Md Kamal Bin Ismaun who were interested in their own continuation as Independent Non-Executive Directors and therefore abstained from deliberation, and agreed to recommend for the continuation of the said Directors as Independent Non-Executive Director, subject to the approval from the shareholders. The Nominating Committee has considered the mix of skills, experience, contributions and competence of Mr. Ng Eng Kiat and Dato' Md Kamal Bin Ismaun and was satisfied that they understand the Company's operations and are able to bring independent and objective judgment to the Board. The Board considers independence as a result of a Director's state of mind and not dependent on the tenure of service.

The Board assured the shareholders that the Company shall continuously strive to adhere to the principles and spirit of the Malaysian Code on Corporate Governance.

6.5.10 The Company will continue to monitor and adjust its business plans and operations upon the implementation and adoption of the Malaysian Financial Reporting Standards 9 ("MFRS 9") – Financial Instruments: Recognition and Measurement during the financial year.

6.5.11 The credit business in India is undertaken by AEON Credit Service India Private Limited, which is controlled by AEON Financial Service Co., Ltd., the Company's ultimate holding company. The Company has revised its marketing and business model to adapt to the market demands in India in the preceding year due to the demonetization policy implemented by the Government of India.

6.6 After having addressed the questions raised, it was recorded that the Audited Financial Statements of the Company for the FYE2018 had been duly tabled and received by the shareholders.

**7. POLL PROCEDURE**  
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7.1 The Chairman then informed the Meeting that pursuant to Paragraph 8.29A of the Main Market Listing Requirements ("MMLR") of Bursa Securities, all resolutions set out in the Notice of the 21<sup>st</sup> AGM must be voted by way of poll. Accordingly, the Chairman demanded for a poll to be taken on all the resolutions set forth in the Notice of the 21<sup>st</sup> AGM pursuant to the Company's Articles of Association. The Chairman further informed the Meeting that the poll would be conducted electronically using a wireless handheld device. The Company had appointed Boardroom as the Poll

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Administrator to conduct the electronic polling process and GovernAce Advisory & Solutions Sdn. Bhd. as the Independent Scrutineer to verify the poll results.

- 7.2 The Chairman then invited the Poll Administrator from Boardroom to brief the Meeting on the electronic polling procedures and the house keeping rules for the electronic poll voting process.
- 7.3 After the briefing of the electronic polling procedures, the Chairman then proceeded with the business of the 21<sup>st</sup> AGM.

## **8. ORDINARY RESOLUTION 1 FINAL DIVIDEND**

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- 8.1 The Chairman put Ordinary Resolution 1 to the Meeting to be voted by poll.
- 8.2 The results of the poll for Ordinary Resolution 1 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 1</b> Approval of the payment of a final dividend of 20.00 sen per ordinary share in respect of the financial year ended 28 February 2018	200,031,337	99.999950	100	0.000050	CARRIED

- 8.3 It was RESOLVED:-

“That a final dividend of 20.00 sen per ordinary share in respect of the financial year ended 28 February 2018 be and is hereby approved for payment on 19 July 2018 to shareholders whose name appears on the Record of Depositors at the close of business on 29 June 2018.”

## **9. ORDINARY RESOLUTION 2 DIRECTORS' FEES**

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- 9.1 The Chairman then put Ordinary Resolution 2 to the Meeting to be voted by poll.
- 9.2 The results of the poll for Ordinary Resolution 2 were as follows:-

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Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 2</b> Approval of the Directors' Fees up to an aggregate amount of RM814,000 per annum for the financial year ended 28 February 2018 and payments thereof	199,369,325	99.675508	649,043	0.324492	CARRIED

9.3 It was RESOLVED:-

“That the Directors’ Fees up to an aggregate amount of RM814,000 per annum for the financial year ended 28 February 2018 and payments thereof be and is hereby approved.”

**10. ORDINARY RESOLUTION 3**  
**RE-ELECTION OF DIRECTOR – MR. TETSURO TAKANO**  
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10.1 In accordance with Clause 153 of the Company's Constitution (then Article 134 of the Company's Articles of Association), Mr. Tetsuro Takano retired from the Board and being eligible, offered himself for re-election.

10.2 The Chairman put Ordinary Resolution 3 to the Meeting to be voted by poll.

10.3 The results of the poll for Ordinary Resolution 3 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 3</b> Re-election of Mr. Tetsuro Takano as Director, who is retiring pursuant to Article 134 of the Articles of Association of the Company	195,329,726	99.594704	794,885	0.405296	CARRIED



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## 10.4 It was RESOLVED:-

“That the retiring Director, namely Mr. Tetsuro Takano, who retired pursuant to Clause 153 of the Company's Constitution (then Article 134 of the Company's Articles of Association), be and is hereby re-elected as Director of the Company.”

**11. ORDINARY RESOLUTION 4****RE-ELECTION OF DIRECTOR – MR. S SUNTHARA MOORTHY A/L S SUBRAMANIAM**

11.1 In accordance with Clause 153 of the Company's Constitution (then Article 134 of the Company's Articles of Association), Mr. S Sunthara Moorthy A/L S Subramaniam retired from the Board and being eligible, offered himself for re-election.

11.2 The Chairman put Ordinary Resolution 4 to the Meeting to be voted by poll.

11.3 The results of the poll for Ordinary Resolution 4 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 4</b> Re-election of Mr. S Sunthara Moorthy A/L S Subramaniam as Director, who is retiring pursuant to Article 134 of the Articles of Association of the Company	194,573,720	99.209444	1,550,471	0.790556	CARRIED

## 11.4 It was RESOLVED:-

“That the retiring Director, namely Mr. S Sunthara Moorthy A/L S Subramaniam, who retired pursuant to Clause 153 of the Company's Constitution (then Article 134 of the Company's Articles of Association), be and is hereby re-elected as Director of the Company.”

11.5 The Chairman then informed the shareholders that Mr. Lee Kit Seong, the CFO and Mr. Kiyoaki Takano, who retire in accordance with the Clause 148 of the Company's Constitution (then Article 129 of the Company's Articles of Association) and Mr. Ajith A/L Jayaram, who retires in accordance with the Clause 153 of the Company's Constitution (then Article 134 of the Company's Articles of Association), have

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expressed their intention not to seek for re-election at this Meeting. Hence, they will retain office until the conclusion of this Meeting.

11.6 The Chairman, on behalf of the Board, expressed appreciation to Mr. Lee Kit Seong, Mr. Kiyoaki Takano and Mr. Ajith A/L Jayaram for their invaluable contribution to the Company during their tenure as Directors of the Company.

11.7 The Chairman also informed the shareholders that the positions of Mr. Lee Kit Seong and Mr. Ajith A/L Jayaram as the CFO and Chief Strategy Officer of the Company respectively shall remain unchanged.

**12. ORDINARY RESOLUTION 5  
RE-APPOINTMENT OF AUDITORS**

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12.1 The Chairman put Ordinary Resolution 5 to the Meeting to be voted by poll.

12.2 The results of the poll for Ordinary Resolution 5 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 5</b> Re-appointment of Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	190,038,910	95.227359	9,524,442	4.772641	CARRIED

12.3 It was RESOLVED:-

“THAT the retiring Auditors, Messrs Deloitte PLT, having signified their consent to act, be and is hereby re-appointed as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors.”

12.4 Having concluded the Ordinary Business of the 21<sup>st</sup> AGM, the Chairman then proceeded to table the resolutions under the Special Business of the 21<sup>st</sup> AGM.

**13. ORDINARY RESOLUTION 6****AUTHORITY FOR DATO' MD KAMAL BIN ISMAUN TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**  
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- 13.1 The Chairman informed the Meeting that the next two items on the Agenda were to seek shareholders' approval for Dato' Md Kamal Bin Ismaun and himself, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue in office as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance.
- 13.2 The Chairman further informed the Meeting that the Board has, via the Nominating Committee, assessed and deliberated, save for the respective Directors who are interested in their own continuation as Independent Non-Executive Directors and therefore abstained from deliberation, and agreed to recommend for the continuation of the respective Directors as Independent Non-Executive Directors, subject to approval from the shareholders.
- 13.3 The Chairman then put Ordinary Resolution 6 to the Meeting to be voted by poll.
- 13.4 The results of the poll for the Ordinary Resolution 6 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 6</b> Authority for Dato' Md Kamal bin Ismaun to continue in office as Independent Non-Executive Director	197,190,251	98.582887	2,834,577	1.417113	CARRIED

- 13.5 It was RESOLVED:-

“THAT authority be and is hereby given to Dato' Md Kamal bin Ismaun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance.”

**14. ORDINARY RESOLUTION 7****AUTHORITY FOR MR. NG ENG KIAT TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**  
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- 14.1 As the Chairman, is an interested party in Ordinary Resolution 7, he invited Mr. S Sunthara Moorthy A/L S Subramaniam to table the said Resolution to the Meeting.
- 14.2 Mr. S Sunthara Moorthy A/L S Subramaniam thanked the Chairman and put Ordinary Resolution 7 to the Meeting to be voted by poll.
- 14.3 The results of the poll for Ordinary Resolution 7 were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 7</b> Authority for Mr. Ng Eng Kiat to continue in office as Independent Non-Executive Director	198,264,814	99.149407	1,700,894	0.850593	CARRIED

- 14.4 It was RESOLVED:-

“THAT authority be and is hereby given to Mr. Ng Eng Kiat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance.”

- 14.5 Mr. S Sunthara Moorthy A/L S Subramaniam then handed the Chair back to the Chairman to continue with the Meeting.

**15. ORDINARY RESOLUTION 8****RENEWAL OF AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**  
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- 15.1 The Chairman put Ordinary Resolution 8 to the Meeting to be voted by poll.
- 15.2 The results of the poll for Ordinary Resolution 8 were as follows:-

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	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 8</b> Proposed renewal of authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares	198,423,491	99.226774	1,546,217	0.773226	CARRIED

## 15.3 It was RESOLVED:-

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.”

**16. ORDINARY RESOLUTION 9  
RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR  
TRADING NATURE AND NEW SHAREHOLDERS’ MANDATE FOR  
ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE (“SHAREHOLDERS’ MANDATE”)**

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16.1 The Chairman informed the Meeting that the interested Directors and/or major shareholders in these transactions, namely Mr. Kenji Fujita, Mr. Tetsuro Takano, Mr. Lee Kit Seong, Mr. Kiyoaki Takano, AEON Co., Ltd, AEON Financial Service Co. Ltd. and the persons connected to them as set out in Section 3 of Part A of the Company’s Circular to Shareholders dated 23 May 2018, have abstained and will continue to abstain from all deliberation and voting at all Board meetings and this resolution approving the Proposed Shareholders’ Mandate.

16.2 The Chairman then put Ordinary Resolution 9 to the Meeting to be voted by poll.

16.3 The results of the poll for Ordinary Resolution 9 were as follows:-

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Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 9</b> Proposed Shareholders' Mandate	37,872,641	99.000432	382,385	0.999568	CARRIED

**16.4 It was RESOLVED:-**

“THAT, subject to the MMLR of Bursa Securities, approval be and is hereby given for the Company to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of Part A of the Circular to Shareholders dated 23 May 2018 (“Circular”) with the related parties mentioned therein which are necessary for the Company’s day-to-day operations.

THAT the Company be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders’ Mandate during the financial year with details on the nature and type of Recurrent Related Party Transactions, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which the Proposed Shareholders’ Mandate is approved, at which time it will lapse, unless by a resolution passed at the Annual General Meeting, the mandate is again renewed;
  - ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
  - iii) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier.

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AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**17. SPECIAL RESOLUTION**  
**PROPOSED ADOPTION OF THE COMPANY'S NEW CONSTITUTION**

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17.1 The Chairman informed the Meeting that the Company is proposing the adoption of the new Constitution in substitution for, and to the exclusion of the existing Memorandum and Articles of Association of the Company. He further informed that the Proposed Adoption of the Company's new Constitution ("Proposed Adoption") is primarily to streamline and be aligned with the new Companies Act 2016. It is also to provide clarity to certain provisions of the new Constitution, ensure consistency in cross reference as well as to enhance administrative efficiency.

17.2 The Chairman then put the Special Resolution to the Meeting to be voted by poll.

17.3 The results of the poll for the Special Resolution were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Special Resolution</b> Proposed Adoption of the Company's New Constitution	199,175,827	99.889279	220,775	0.110722	CARRIED

17.4 It was RESOLVED:-

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, adopt the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 23 May 2018 accompanying the Company's Annual Report for the financial year ended 28 February 2018.

AND THAT the Directors and Secretaries of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption."

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**18. CONCLUSION**  
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- 18.1 There being no other business to be transacted, the Meeting concluded at 12.20 p.m. with a vote of thanks to the Chair.

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**SIGNED AS A CORRECT RECORD**

- SIGNED -

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**CHAIRMAN**

Date : 21 August 2018





**MINORITY SHAREHOLDER WATCHDOG GROUP**  
*Shareholder Activism and Protection of Minority Interest*



11 June 2018

(Fax No: 603-77201111)

The Chairman and  
 Board of Directors  
**AEON Credit Service (M) Berhad**  
 Lot 6.05, Level 6, KPMG Tower  
 8, First Avenue, Bandar Utama  
 47800 Petaling Jaya  
 Selangor Darul Ehsan

**Attention: Ms. Tai YN Chan & Ms Choong Lee Wah**  
*Company Secretaries*

**Re: 21<sup>st</sup> Annual General Meeting (AGM) of AEON Credit Service (M) Berhad (ACS)**  
**on Thursday, 21 June, 2018**

In the interest of minority shareholders and all other stakeholders of the Group and the Company, we would like to raise the following:-

**Strategy & Financial Matters**

- 1) We note on page 9 of the Annual Report where it is stated that the company has taken steps and measures to address its impairment losses over the years for its car financing schemes.
  - a) What are the results from the measures taken to address impairment losses suffered under the car financing schemes?
  - b) How has your impairment losses improved as a result of these measures in terms of percentages and Ringgit value?
- 2) As stated on page 9 of the Annual Report, the company will, for FY 2019, focus on branch transformation and digital marketing to maintain its current financial performance.
  - a) What is the total capital budget allocated for this?

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Incorporated in Malaysia • Company No: 524919-M  
 Tingkat 11, Puncak 11, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50300 KUALA LUMPUR.  
 Tel: (603) 2070 9090 Fax: (603) 2070 9107  
 E-Mail: [watchdog@mswg.org.my](mailto:watchdog@mswg.org.my) Website: [www.mswg.org.my](http://www.mswg.org.my)

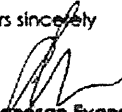
AEON Credit Service (M) Berhad  
21<sup>st</sup> AGM, 21 June 2018  
Page 2 of 2

- b) How is this expenditure expected to translate into bottom-line improvements over the years?
- 3) We refer Note 30(b), page 128 of the Annual Report 2018 on "credit quality and allowance for impairment losses" which stated that included in the net financing receivables is an amount of RM192,019,000 (2017: RM151,249,000) which are under renegotiated/restructured activities. The company has impaired RM68.5 million of the RM192.0 million renegotiated/restructured receivables.
- a) What is the current status of the impaired receivables? Please provide the criteria used for considering receivables to be renegotiated or restructured?
- 4) We refer to page 118 of the Annual Report, Note 23(a) on Taxation where it is stated that Director General of Inland Revenue ("DGIR") has issued notices to the company for additional assessment with penalties for year of assessment of 2010 till year of assessment of 2016. The additional assessments and penalties amount to RM96,820,000.
- a) What is the latest status of the appeal by the company against the DGIR?
- b) Would the company consider making a provision for FY 2019 pending appeal to the court?

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely

  
Devanesan Evanson  
Chief Executive Officer  
DE/qba/AEON Credit/AGM2018

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## **Questions from Minority Shareholder Watchdog Group**

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# AEON Minority Shareholder Watchdog Group



No.	Question	Answer																
1.	<p>We note on page 9 of the Annual Report where it is stated that the company has taken steps and measures to address its impairment losses over the years for its car financing schemes.</p> <p>a) What are the results from the measures taken to address impairment losses suffered under the car financing schemes?</p> <p>b) How has your impairment losses improved as a result of these measures in terms of percentages and Ringgit value?</p>	<p>(a) During the financial year, the Company had implemented the following measures to continue improve the Car Financing business:</p> <p>(i) Revised and align portfolio and products strategy to expand portfolio for Japanese and Continental brands</p> <p>(ii) Review and enhance the credit policies based on customer, area and merchants performance</p> <p>(iii) Introduction of Merchant Management System</p> <p>The Company had managed to improve the collection ratios during the financial year as per below table:</p> <table><tr><th>Delinquency</th><th>FYE 2017 (%)</th><th>FYE2018 (%)</th><th>YOY (%)</th></tr><tr><td>Current</td><td>97.56</td><td><b>97.59</b></td><td>+0.03</td></tr><tr><td>D1</td><td>86.42</td><td><b>87.53</b></td><td>+1.11</td></tr><tr><td>D2</td><td>78.57</td><td><b>80.93</b></td><td>+2.36</td></tr></table>	Delinquency	FYE 2017 (%)	FYE2018 (%)	YOY (%)	Current	97.56	<b>97.59</b>	+0.03	D1	86.42	<b>87.53</b>	+1.11	D2	78.57	<b>80.93</b>	+2.36
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2.	<p>As stated on page 9 of the Annual Report, the company will, for FY2019, focus on branch transformation and digital marketing to maintain its current financial performance.</p> <p>a) What is the total capital budget allocated for this?</p> <p>a) How is this expenditure expected to translate into bottom-line improvements over the years?</p>	<p>a) The Company has set aside a budget of approximately RM22.0 million for the branch transformation and digital marketing activities.</p> <p>b) The Company is expecting improvements from the operation efficiency and productivity of the branches and cards sale and recruitment activities.</p> <p>The projected bottom-line improvements upon full implementation of these initiatives are as follows:</p> <table><tr><th colspan="2">Estimated Amount</th></tr><tr><td>Branch Transformation (Note1)</td><td>Approximately RM2.5 million per annum</td></tr><tr><td>Digital marketing (Note 2)</td><td>Increased cards sales (including e-money) by approximately RM80-100 million per annum</td></tr></table> <p><i>Note 1: Mainly contributed by lower counter operation personal cost and cash management expense.</i></p> <p><i>Note 2: Mainly contributed by improved card recruitment and sale promotion activities via digital platform</i></p>	Estimated Amount		Branch Transformation (Note1)	Approximately RM2.5 million per annum	Digital marketing (Note 2)	Increased cards sales (including e-money) by approximately RM80-100 million per annum
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# Minority Shareholder Watchdog Group



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3.	<p>We refer Note 30(b), page 128 of the Annual Report 2018 on "credit quality and allowance for impairment losses" which stated that included in the net financing receivables is an amount of RM192,019,000 (2017: RM151,249,000) which are under renegotiated/restructured activities. The company has impaired RM68.5 million of the RM192.0million renegotiated/restructured receivables.</p> <p>a) What is the current status of the impaired receivables? Please provide the criteria used for considering receivables to be renegotiated or restructured?</p>	<p>Movement of renegotiated/restructured receivables as at 31 May 2018:</p> <table><tr><th></th><th>28 Feb 2018 (RM'000)</th><th>31 May 2018 (RM'000)</th><th>vs FYE 2018</th></tr><tr><td><b>Net Renegotiated &amp; Restructured Receivable (including AKPK*)</b></td><td>192,019</td><td>193,064</td><td>+1,045</td></tr><tr><td><b>Net Impaired AKPK</b></td><td>68,539</td><td>75,941</td><td>+7,402</td></tr></table> <p><i>* Agensi Kaunseling dan Pengurusan Kredit (AKPK )</i></p> <table><tr><th></th><th>28 Feb 2018 (RM'000)</th><th>31 May 2018 (RM'000)</th><th>vs FYE 2018</th></tr><tr><td><b>Gross Receivables</b></td><td>221,545</td><td>224,035</td><td>+2,490</td></tr><tr><td><b>Impairment Loss Provision</b></td><td>29,525</td><td>25,972</td><td>-3,553</td></tr><tr><td><b>Net Receivables</b></td><td>192,020</td><td>198,063</td><td>+6,043</td></tr></table>		28 Feb 2018 (RM'000)	31 May 2018 (RM'000)	vs FYE 2018	<b>Net Renegotiated &amp; Restructured Receivable (including AKPK*)</b>	192,019	193,064	+1,045	<b>Net Impaired AKPK</b>	68,539	75,941	+7,402		28 Feb 2018 (RM'000)	31 May 2018 (RM'000)	vs FYE 2018	<b>Gross Receivables</b>	221,545	224,035	+2,490	<b>Impairment Loss Provision</b>	29,525	25,972	-3,553	<b>Net Receivables</b>	192,020	198,063	+6,043
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