



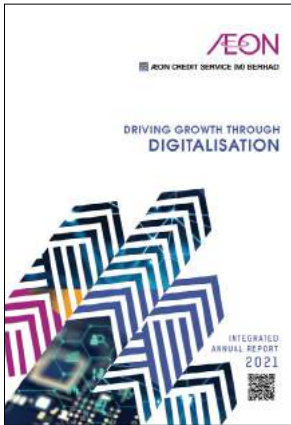
AEON CREDIT SERVICE (M) BERHAD

DRIVING GROWTH THROUGH DIGITALISATION



INTEGRATED
ANNUAL REPORT
2021

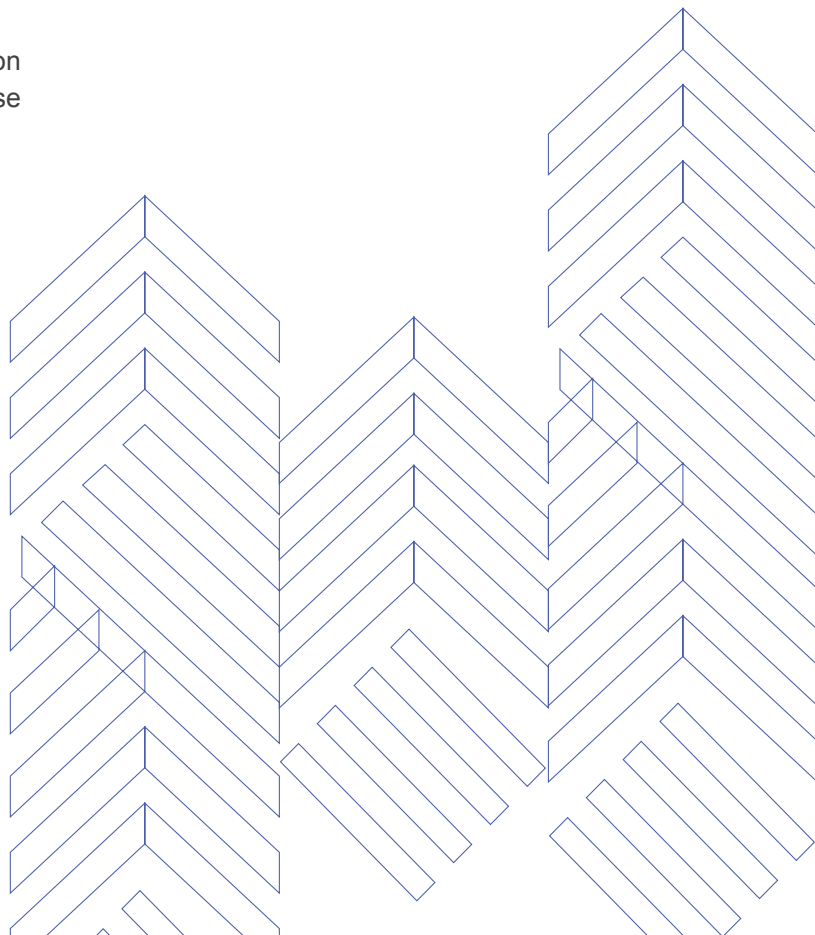




DRIVING GROWTH THROUGH DIGITALISATION

Driving growth through digitalisation - The design reflects growth for AEON Credit with an upwardly mobile path. Lines of varying angles in AEON Credit colours are used to create shapes, pointing upwards to a brighter future. Stylised large rectangles built from smaller rectangles demonstrate the varied products of AEON Credit, moving in unity. The modern, simple lines are drawn together, creating a symbolic element of form and function - signifying togetherness and strength of AEON Credit.

The tagline 'Driving growth through digitalisation' depicts the aspirations of AEON Credit to realise primarily, an Internet of Things ("IoT") based future.





AEON CREDIT SERVICE (M) BERHAD

DRIVING GROWTH THROUGH DIGITALISATION

INTEGRATED ANNUAL REPORT 2021



ABOUT THIS REPORT

SUSTAINABILITY THROUGH INTEGRATED REPORTING

This is **AEON Credit Service (M) Berhad's** ("AEON Credit" or "the Company") inaugural Integrated Annual Report 2021 ("IAR"), prepared in accordance with the principles set by the International Integrated Reporting Council ("IIRC"). Embarking on the Integrated Reporting ("<IR>") journey is an important step for us, in terms of setting our approach towards value creation and management, whilst expanding the integration of sustainability to drive the business in perpetuity. This report is a credible medium to disseminate information critical to our business and growth, and to communicate with our stakeholders with integrity and transparency.

SCOPE AND BOUNDARY

This IAR extends beyond financial reporting and includes non-financial performance of AEON Credit and specifies that material matters, opportunities, risks and outcomes attributable to or associated with the Company's key stakeholders, which have a significant influence on its ability to create value.

Unless otherwise indicated, this IAR covers the period from 1 March 2020 to 28 February 2021 and encapsulates the primary activities of the Company, namely our overall performance for the year under review and the delivery of our initiatives towards our strategic goals.

REPORTING PRINCIPLES & FRAMEWORKS

In producing this report, we are guided by the International Integrated Reporting <IR> Framework issued by the International Integrated Reporting Council as well as the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Companies Act 2016 ("CA 2016") and the Malaysian Code on Corporate Governance by the Securities Commission Malaysia.

Additionally, the financial statements of AEON Credit have been prepared in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the CA 2016 for the financial year ended 28 February 2021. Our non-financial information is prepared in accordance with Global Reporting Initiative ("GRI") Standards: Core Option, the global standards for sustainability reporting. A complete discussion of our sustainability performance can be found in our Sustainability Statement.

ASSURANCE

Our financial statements are independently audited while the development of our non-financial reports is supported by our robust internal controls and good governance practices.

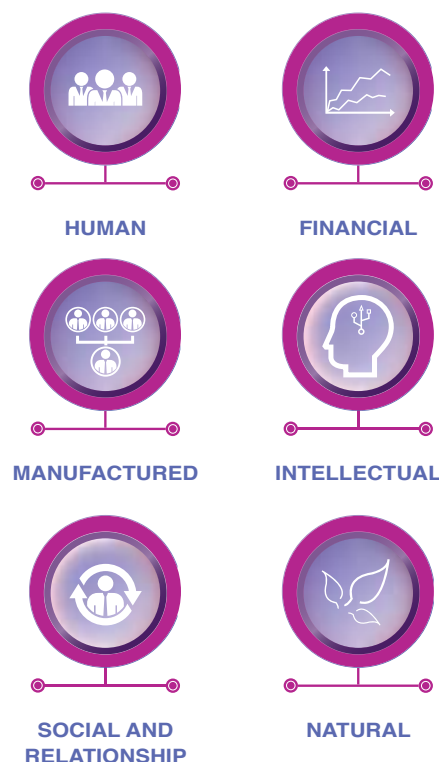
APPROACH TO MATERIALITY

In line with Bursa Securities's MMLR and the Company's Sustainability Reporting Framework, the Company continues to uphold the principles of governance and transparency in its business dealings. Materiality is a key content element in <IR> and will be assessed yearly. The Company aims to regularly assess its materiality topics from the perspective of value creation as well as in terms of the impacts or potential impacts of material topics on business strategies, risk factors, capitals and future business priorities.

We are cognizant that sustainability is a journey and over the past three years we have been taking steps to progressively improve our sustainability performance and reporting. As we expand data collection on our social, environmental, and economic performance as well as establish KPIs, we see our reports evolving to become more in-depth.

For more information on the Company's Material Sustainability Matters, please turn to page 33

OUR CAPITALS



For more information on the Company's Capitals, please turn to page 32

APPROVAL BY THE BOARD

The Board acknowledges its responsibility in ensuring the integrity of this IAR, which in its opinion addresses issues that are material to the Company's ability to create value and fairly presents the integrated performance of AEON Credit.

NG ENG KIAT
Chairman

YURO KISAKA
Managing Director

CONTENTS

01 WHO WE ARE

- 7 Corporate Information
- 8 About AEON Credit Service (M) Berhad
- 9 Corporate Philosophy and Mission
- 10 Corporate Milestones
- 12 AEON Credit Branch / Counter Network / E-Money Kiosk
- 13 AEON Basic Principles and Code of Conduct
- 14 AEON Human Resource Principles

02 OVERVIEW

- 16 5-Year Financial Highlights
- 18 Investor Information

03 REFLECTIONS FROM TOP LEADERSHIP

- 22 Chairman's Statement
- 26 Management Discussion and Analysis

04 VALUE CREATION

- 31 Our Approach to Value Creation
- 32 Value Creation Model

05 LEADERSHIP TEAM

- 35 Board of Directors
- 41 Key Leadership
- 42 Senior Leadership

06 OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

- 44 Sustainability Statement
- 60 Corporate Governance Overview Statement
- 71 Audit Committee Report
- 74 Board Risk Committee Report
- 77 Statement on Risk Management and Internal Control
- 82 Directors' Responsibility Statement
- 83 Additional Compliance Information Disclosures

07 FINANCIAL STATEMENTS

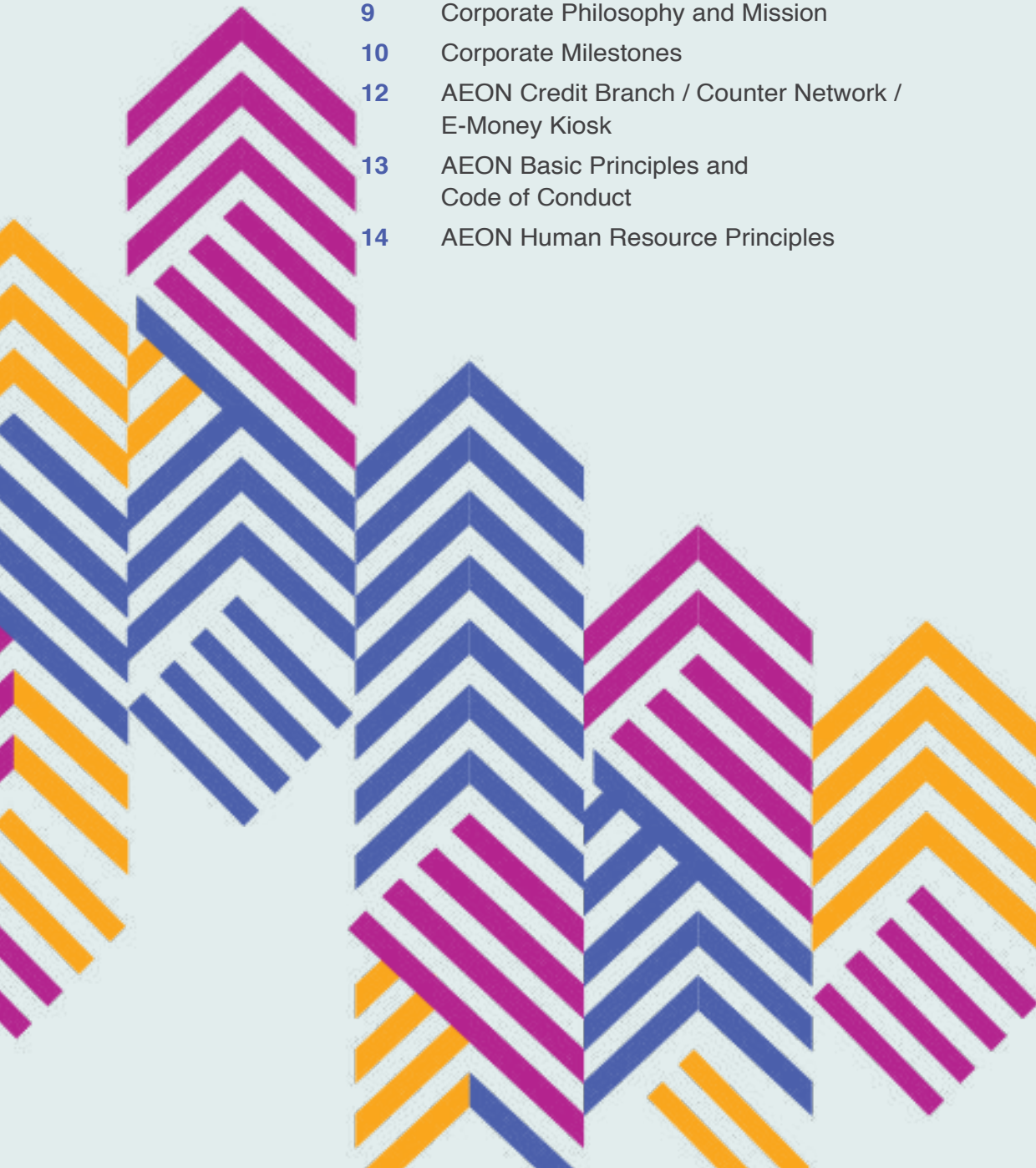
- 85 Directors' Report
- 89 Independent Auditors' Report
- 93 Statement of Financial Position
- 94 Statement of Profit or Loss and Other Comprehensive Income
- 95 Statement of Changes in Equity
- 96 Statement of Cash Flows
- 99 Notes to the Financial Statements
- 145 Statement by Directors and Statutory Declaration

08 OTHER INFORMATION

- 147 Analysis of Shareholdings
- 149 Notice of Annual General Meeting Proxy Form

01 WHO WE ARE

- 7 Corporate Information
- 8 About AEON Credit Service (M) Berhad
- 9 Corporate Philosophy and Mission
- 10 Corporate Milestones
- 12 AEON Credit Branch / Counter Network / E-Money Kiosk
- 13 AEON Basic Principles and Code of Conduct
- 14 AEON Human Resource Principles



CORPORATE INFORMATION

BOARD OF DIRECTORS

NG ENG KIAT

Chairman/Non-Independent Non-Executive Director

DATO' MD KAMAL BIN ISMAUN

Non-Independent Non-Executive Director

S SUNTHARA MOORTHY A/L S SUBRAMANIAM

Independent Non-Executive Director

DATIN KHOO PEK LING

Independent Non-Executive Director

RASHIDAH BINTI ABU BAKAR

Independent Non-Executive Director

LEE TYAN JEN

Executive Director

YURO KISAKA

Managing Director

TOMOKATSU YOSHITOSHI

Independent Non-Executive Director

DATUK ADINAN BIN MANING

Senior Independent Non-Executive Director

DATIN YASMIN AHMAD MERICAN

Independent Non-Executive Director

MASAAKI MANGETSU

Non-Independent Non-Executive Director

REGISTERED OFFICE



12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor
T : +603-7890 4800 • F : +603-7890 4650



AUDITORS

Deloitte PLT (LLP0010145-LCA) (AF0080)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir, Taman Tun Dr Ismail
60000 Kuala Lumpur
T : +603-7610 8888 • F : +603-7726 8986

WEBPAGE

www.aeoncredit.com.my

STOCK EXCHANGE LISTING

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad

STOCK NAME : AEONCR

STOCK CODE : 5139

PRINCIPLE BANKERS

CIMB Bank Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
Deutsche Bank (Malaysia) Berhad
Maybank Islamic Berhad
Mizuho Bank (Malaysia) Berhad
MUFG Bank (Malaysia) Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Saadiq Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

SECRETARY

TAI YIT CHAN

SSM PC No. 202008001023
(MAICSA 7009143)

HEAD OFFICE



Level 18, UOA Corporate Tower
Avenue 10, The Vertical, Bangsar South City
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
T : +603-2772 9000 • F : +603-2711 4110



REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor
T : +603-7890 4700 • F : +603-7890 4670

CORPORATE CALENDAR

Notice of Annual General Meeting	22 May 2020
Annual General Meeting	24 June 2020
Payment of Dividend (Interim)	
• Book Closure	15 October 2020
• Payment	5 November 2020
Payment of Dividend (Final)	
• Book Closure	1 July 2021
• Payment	15 July 2021
First Quarter Results Announcement	25 June 2020
Second Quarter Results Announcement	29 September 2020
Third Quarter Results Announcement	21 December 2020
Fourth Quarter Results Announcement	8 April 2021

ABOUT AEON CREDIT SERVICE (M) BERHAD



AEON Credit Service (M) Berhad was incorporated on 6 December 1996 and converted into a public limited on 9 February 2007. The Company was then listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007.

Ever since its inception in 1996, AEON Credit has expanded across Peninsular Malaysia and East Malaysia.

PRODUCTS

SETTLEMENT BUSINESS

- Credit Cards
- AEON Member Plus Visa Card
- AEON Wallet

PERSONAL FINANCING

SME

PRODUCT FINANCING

- Auto Financing
- Motorcycle Financing
- Objective Financing

INSURANCE

4.5 
MILLION
AEON Member Plus,
AEON Express Member &
Credit Cardholders


13,479
Merchant Outlets
Nationwide


3,216
Employees


65
Branches &
Service Centres

CORPORATE PHILOSOPHY AND MISSION



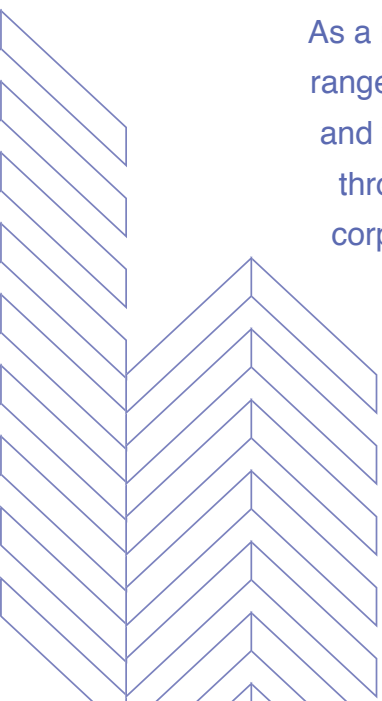
CORPORATE PHILOSOPHY

OUR CORPORATE PHILOSOPHY is to support customers' lifestyles and enable each individual to maximise future opportunities through effective use of credit.



MISSION

As a reflection of this philosophy, **OUR MISSION** is to provide a wide range of consumer financial services that best meet customer needs and we are committed to serve customers to enhance their lifestyle through our products and services. We adhere to a strict code of corporate ethics and, at the same time, engage in activities which contribute to society.



CORPORATE MILESTONES

1996

- Incorporated on 6 December 1996.

1997

- Commenced operations by providing General Easy Payment Scheme for consumer durables.

1998

- Began issuing AEON Express Card (a privilege card).
- Expansion of General Easy Payment Scheme within Peninsular Malaysia, outside Klang Valley namely Ipoh, Perak and Melaka.

1999

- Expansion of General Easy Payment scheme and operations to East Malaysia in Kuching, Sarawak and Kota Kinabalu, Sabah.

2001

- Set-up branches in Kuching, Sarawak and Johor Bahru, Johor with marketing, credit assessment and credit management operations.

2002

- Launched Motorcycle Easy Payment ("MEP") Scheme, with 50 appointed merchants within Klang Valley and later in Johor Bahru, Johor.
- Changed name from ACS Credit Service (M) Sdn. Bhd. to AEON Credit Service (M) Sdn. Bhd.

2003

- Launched Personal Financing Scheme, which is based on Shariah principles.
- Set-up first AEON Credit Service Centre in Kuala Lumpur.

2004

- Full expansion of Personal Financing Scheme to major towns nationwide.
- Entered into agreements with Visa International Service Association and MasterCard International Incorporated to issue credit cards.
- Obtained ISO 9001:2000 UKAS Quality Management System, certified by UKAS, in line with our vision of providing excellent customer service.

2005

- Started insurance sales business.
- Obtained approval from Bank Negara Malaysia to issue credit cards.
- Launched AEON Credit Card.
- Launched JUSCO Credit Card, co-brand credit card with AEON CO.(M) Bhd.
- Opened AEON Credit Service Centre within shopping centres outside Klang Valley.

2006

- Launched specific purpose financing.
- Obtained ISO 27001:2005 for Information Security Management System.
- Established 3 service centres in JUSCO Shopping Centres bringing nationwide network to 24.

2007

- Launched RM400 million commercial paper/medium term notes programme.
- Launched ATM network and AEONCASH @ ATM.
- Launched AEON & JUSCO Gold Visa Credit Card. Launched Motorcycle Association Affinity Gold Visa Card.
- Listed on Main Board of Bursa Malaysia Securities Berhad.

2008

- Launched CRUIZE Visa Card with Automobile Association of Malaysia ("AAM").
- Launched AEON Zing card with Touch 'n Go Sdn. Bhd.
- Established 3 regional offices in Pulau Pinang, Johor and Pahang.

2008 (continued)

- Expanded nationwide network of service centres and branches by establishing 3 service centres inside new JUSCO Shopping Centres.

2009

- Launched New AEON Card with AEON CO. (M) BHD.
- Established one service centre at AEON Bandaraya Melaka Shopping Centre and 6 marketing offices in Sandakan, Sibul, Segamat, Sitiawan, Taiping and Sungai Petani.
- Established AEON Credit's Representative Office in Mumbai, India.
- Launched RM150 million asset-backed medium term notes programme.

2010

- Launched "2 in 1" AEON MasterCard Credit card with JCard loyalty points function.
- Expansion of Motorcycle Easy Payment ("MEP") scheme to provide financing for higher c.c. motorcycle.

2011

- Established one new service centre.
- Launched RM200 million single investor medium term programme.
- Launched AEON Prepaid Card.

2012

- Launched Watami co-brand Card.
- Launched nationwide Used Car Easy Payment Scheme ("UCEP").
- Established 7 new service centres and branches.
- Recognised by Finance Asia as "Best Mid-Cap" in Malaysia under "Asia's Best Company 2012".

CORPORATE MILESTONES

2013

- Launched AEON BiG Customer Loyalty programme.
- Established 12 branches and service centres nationwide.
- Launched RM400 million Perpetual Sukuk Programme and RM400 million Perpetual Private Debt Securities Programme.

2014

- Additional 5 branches established nationwide.
- Issued perpetual notes and perpetual sukuk amounting to RM146 million and RM130 million respectively.

2015

- Launched AEON BiG co-brand credit card with Visa payWave function.
- Won awards for “Most Profitable Company” and “Highest Profit Growth Company” at The Edge Billion Ringgit Club Corporate Awards 2015 under the Financial Services sector (Below RM10 billion market capitalisation) category.
- 60th branch opened in Sibul, Sarawak.

2016

- Won awards for “Highest Return on Equity over Three Years” and “Highest Growth in Profit Before Tax over Three Years” at The Edge Billion Ringgit Club Corporate Awards 2016 under the Financial Services sector (Below RM10 billion market capitalisation) category.

2017

- Won award for “Highest Return on Equity over Three Years” at The Edge Billion Ringgit Club Corporate Awards 2017 under the Financial Services sector (Below RM10 billion market capitalisation) category.

2018

- Launched AEON Platinum credit card (Visa and MasterCard).
- Introduced new Personal Financing scheme with risk-based pricing for middle income customer segment.
- Launched the AEON Member Plus Visa card and AEON Wallet, a mobile e-wallet application.
- Launched the Financial Literacy programme as part of AEON Credit's CSR initiatives.
- Named as one of 46 Malaysian companies and recognised as the “Best companies to work for in Asia” by HR Asia Awards Malaysia 2018.
- Won 3 awards for “Highest Return on Equity Over Three Years”, “Highest Growth in Profit After Tax over three years” and “Highest Returns to Shareholders over three years” at The Edge Billion Ringgit Club Corporate Awards 2018 under the Financial Services sector (Below RM10 billion market capitalisation) category.

2019

- Obtained a moneylending license under the Moneylenders Act 1951 and Moneylenders (Control and Licensing) Regulations 2003.
- Won the “Highest Return to Shareholder after Three Years” award at The Edge Billion Ringgit Club Corporate Awards 2019 under the “Financial Services sector (Below RM10 billion market capitalisation)” category.
- Named as one of 49 Malaysian companies and recognised as the “Best companies to work for in Asia” by HR Asia Awards Malaysia 2019.
- Awarded “Highest Card Growth – Consumer Credit for highest Year On Year growth for Credit Cards acquisition (new issuance)” and “Highest Payment Volume Growth. Consumer Credit for highest Year On Year growth usage (CP sales volume)” by the Visa Malaysia Bank Awards 2018/2019.
- Established Sukuk Wakalah Programme of RM2.0 billion in nominal value for the issuance of senior sukuk and / or subordinated sukuk.
- Launched the AEON Credit Executive Business Card.

2020

- Issued RM500 million inaugural senior sukuk.

2021

- Issued RM200 million inaugural subordinated sukuk.
- Launched AEON Protect, a device repair service plan under the Mobile Device financing scheme.
- Implemented CTOS e-KYC solutions.

AEON CREDIT BRANCH / COUNTER NETWORK / E-MONEY KIOSK

AEON CREDIT BRANCH / COUNTER NETWORK

Central Region

AEON Mid Valley Counter
 AEON BiG Mid Valley
 AEON Bandar Sunway
 IOI Mall
 AEON Mall Rawang Anggun
 AEON Mall Bukit Tinggi
 AEON Mall Seremban 2
 AEON Mall Nilai
 Sri Gombak
 Setapak
 Kajang
 Bangi
 Senawang
 AEON Mall AU2 (Setiawangsa)
 AEON Mall Taman Equine
 AEON Bandar Utama
 Banting
 Subang
 Plaza Masalam
 Bandar Sri Permaisuri
 AEON BiG Jalan Kapar (Klang)
 AEON Mall Bukit Raja
 AEON BiG Section 23
 AEON BiG Wangsa Maju
 AEON Mall Metro Prima
 AEON BiG Subang Jaya
 AEON BiG Bukit Rimau
 AEON Mall Shah Alam
 AEON Taman Maluri Shopping Centre

East Malaysia

Kota Kinabalu
 Inanam
 Sandakan
 Kuching
 AEON Mall Kuching Central
 AEON Mall Kuching Central Counter
 Miri
 Sibu

Eastern Region

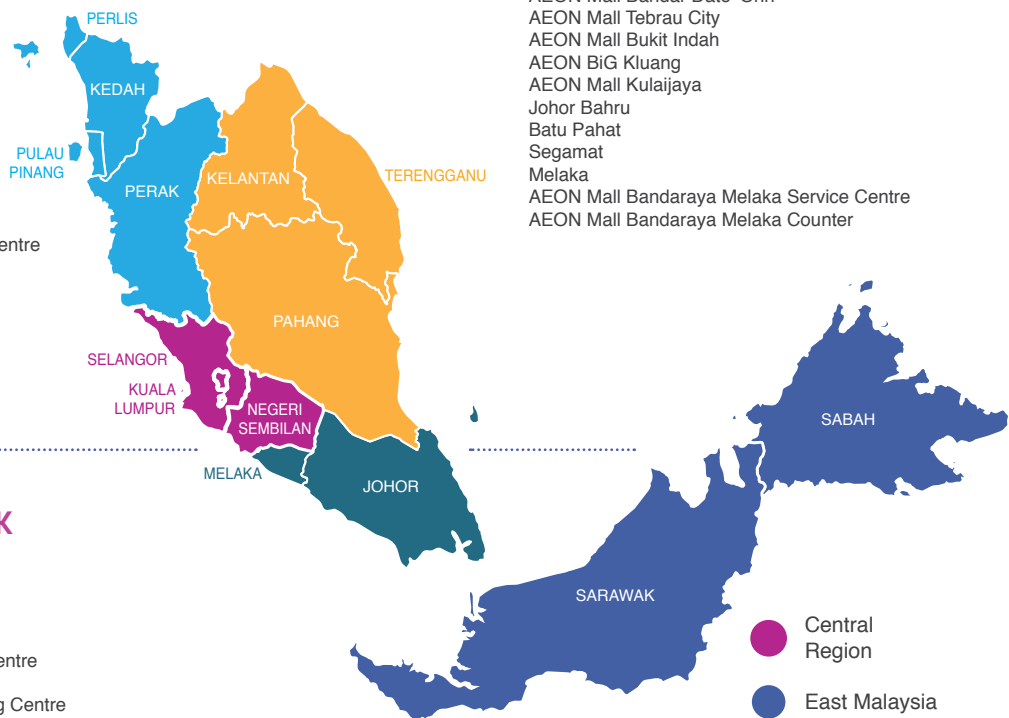
AEON Mall Kota Bharu
 Kota Bharu
 Kuala Terengganu
 Kuantan
 Temerloh

Northern Region

Raja Uda
 AEON Mall Seri Manjung
 AEON Queensbay
 Penang Inderawasih
 AEON BiG Penang Prai
 AEON Mall Bukit Mertajam
 Sungai Petani
 Alor Setar
 Ipoh
 AEON Mall Klebang
 AEON Mall Ipoh Station 18
 AEON Mall Taiping

Southern Region

AEON Mall Bandar Dato' Onn
 AEON Mall Tebrau City
 AEON Mall Bukit Indah
 AEON BiG Kluang
 AEON Mall Kulaijaya
 Johor Bahru
 Batu Pahat
 Segamat
 Melaka
 AEON Mall Bandaraya Melaka Service Centre
 AEON Mall Bandaraya Melaka Counter



AEON E-MONEY KIOSK

Southern Region

AEON Melaka Shopping Centre
 AEON Permas Jaya Shopping Centre
 AEON BiG Sutera Utama
 AEON Taman Universiti Shopping Centre
 AEON CO. Tebrau City
 AEON Mall Bandar Dato' Onn
 AEON Mall Kulaijaya
 AEON Mall Bandaraya Melaka
 AEON Mall Bukit Indah
 AEON BiG Batu Pahat

Northern Region

AEON BiG Bukit Minyak
 AEON Mall Ipoh Klebang
 AEON Mall Kinta City
 AEON CO. Ipoh Falim
 AEON CO. Ipoh Station 18
 AEON CO. Seri Manjung
 AEON CO. Queensbay
 AEON Mall Taiping
 AEON Mall Bukit Mertajam

Central Region

AEON BiG Ampang
 AEON BiG Tropicana City Mall
 AEON BiG Puchong Utama
 AEON BiG Bandar Tun
 Hussein Onn
 AEON Mall Cheras Selatan
 AEON BiG Putrajaya
 AEON BiG Sri Petaling
 AEON CO. Bandar Baru Klang
 AEON CO. Bandar Puchong
 AEON CO. Bandar Sunway
 AEON CO. Wangsa Maju

AEON Style Taman Maluri
 AEON Mall Metro Prima
 AEON Mall Nilai
 AEON Mall Shah Alam
 AEON Mall Seremban 2
 AEON Mall AU2
 AEON Mall Rawang
 AEON Mall Taman Equine
 AEON CO. Bandar Utama
 AEON CO. Mid Valley
 AEON Mall Bukit Tinggi

- Central Region
- East Malaysia
- Eastern Region
- Northern Region
- Southern Region

Eastern Region

AEON Mall Kota Bharu
 AEON BiG Kuantan

East Malaysia

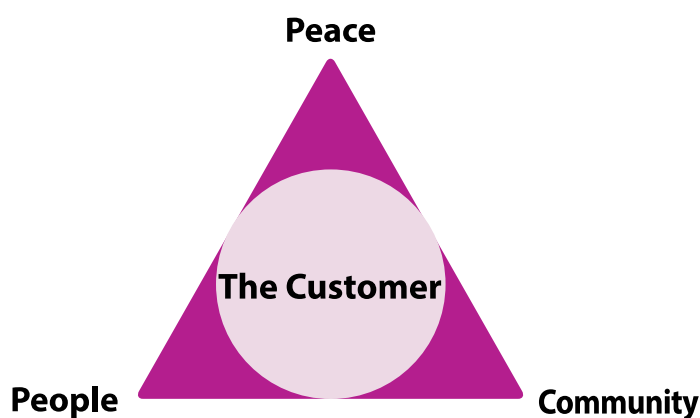
AEON Mall Kuching

AEON BASIC PRINCIPLES AND CODE OF CONDUCT

AEON's most basic and abiding principles are the pursuit of peace, respect for humanity, and contribution to local communities through customer-centred initiatives. Under these principles, we are determined to achieve global management standards. All companies under the AEON Group are guided by the unchanging "Customer First" philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services.

THE AEON CODE OF CONDUCT COMMITMENT

1. AEON people are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. AEON people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. AEON people actively seek out ways to exceed customer expectations.
4. AEON people continually challenge themselves to find new ways to accomplish the AEON ideals.
5. AEON people support local community growth, acting as good corporate citizens in serving society.



AEON BASIC PRINCIPLES

At AEON, we abide by the AEON Basic Principles which consists of pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.



PEACE

AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.



PEOPLE

AEON is a corporate group that respects human dignity and values personal relationships.



COMMUNITY

AEON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.



On the basis of the AEON Basic Principles, AEON practices its “Customer-First” philosophy with its ever-lasting innovative spirit.

Our Promises to Our Customers

AEON endeavors to provide its customers with assurance and trust in their daily lives, in keeping with the view that “everything we do, we do for our customers”. AEON’s never-ending mission is to make a positive contribution to customer lifestyles.

AEON and the Local Community

AEON aims to set an example as a good corporate citizen, working together with the community for its growth and the improvement of quality of life.

AEON and its Business Partners

AEON respects innovative business partners who help the Company achieve its objective of “Customer Satisfaction”. We strive to work as equals with our business partners, dealing fairly and working for our mutual prosperity.

AEON and its Shareholders

AEON strives to conduct innovative and sound management practices that result in high returns for its shareholders.

Together with AEON People

AEON has been built by AEON people through their tireless and innovative efforts. The future history of AEON will also be written by AEON people. AEON people are irreplaceable assets.

Basic Approach to Personnel

Creating a corporate environment in which human resources can be developed in a long term working relationship. Dealing with personnel based on ability and achievement regardless of nationality, age, gender or status. Our goal is to be recognised as the friendliest, people-oriented Company to work for in the world.

AEON HUMAN RESOURCE PRINCIPLES

AEON Credit Service (M) Berhad implements its mentoring programme based on the following AEON Human Resource principles:



02 OVERVIEW

16 5-Year Financial Highlights

18 Investor Information





5-YEAR FINANCIAL HIGHLIGHTS

	FYE2021 RM'000	FYE2020 RM'000	FYE2019 RM'000	FYE2018 RM'000	FYE2017 RM'000
STATEMENT OF PROFIT OR LOSS					
Revenue	1,561,660	1,598,775	1,365,843	1,235,122	1,101,955
Profit before tax	324,907	390,441	472,191	398,335	351,162
Profit after tax	233,957	292,046	354,624	300,057	265,027
STATEMENT OF FINANCIAL POSITION					
Assets					
Plant and equipment	137,843	141,161	118,676	92,274	62,233
Right-of-use assets	53,535	70,997	-	-	-
Investments	27,645	48,699	70,604	18,370	19,045
Deferred tax assets	247,816	213,801	153,916	51,813	49,070
Receivables	6,302,925	6,265,390	6,003,628	5,030,204	4,480,990
Total Non-current Assets	6,769,764	6,740,048	6,346,824	5,192,661	4,611,338
Receivables	2,933,121	3,438,731	2,102,151	2,126,095	1,957,713
Other current assets	88,987	123,080	114,350	303,248	635,642
Cash, bank balances and deposits	439,549	132,798	92,429	83,681	73,667
Total Current Assets	3,461,657	3,694,609	2,308,930	2,513,024	2,667,022
Total Assets	10,231,421	10,434,657	8,655,754	7,705,685	7,278,360
Equity					
Share capital	584,012	565,448	534,907	508,629	116,012
ICULS equity	-	14,107	43,800	68,306	-
Reserves	1,109,180	977,804	920,274	1,004,568	838,975
Equity attributable to ordinary equity holders of the Company	1,693,192	1,557,359	1,498,981	1,581,503	954,987
Perpetual notes and sukuk	200,000	200,000	376,000	276,000	276,000
Total Equity	1,893,192	1,757,359	1,874,981	1,857,503	1,230,987
Liabilities					
Borrowings	6,542,946	5,597,516	5,616,006	3,257,145	4,898,808
Other non-current liabilities	35,801	52,037	1,595	4,717	-
Total Non-current Liabilities	6,578,747	5,649,553	5,617,601	3,261,862	4,898,808
Borrowings	1,119,964	2,600,152	814,006	2,296,974	973,417
Payables, accruals and other current liabilities	639,518	427,593	349,166	289,346	175,148
Total Current Liabilities	1,759,482	3,027,745	1,163,172	2,586,320	1,148,565
Total Liabilities	8,338,229	8,677,298	6,780,773	5,848,182	6,047,373
Total Equity and Liabilities	10,231,421	10,434,657	8,655,754	7,705,685	7,278,360
STATISTICS					
Net earnings per share (sen) *	87.67	107.48	133.55	139.23	101.17
Net dividends per ordinary share (sen)	23.11	44.36	42.15	39.86	60.10
Net assets per share (RM) **	6.63	6.14	5.98	6.37	6.63

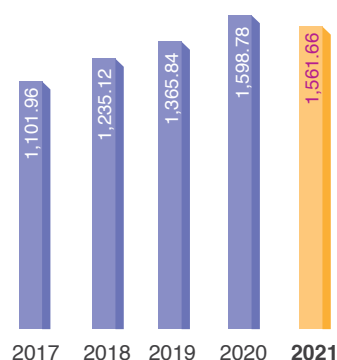
Note :-

* Earnings per share has been calculated based on weighted average number of ordinary shares outstanding in the respective year. FYE2017 earnings per share has been restated to reflect the bonus issue and the latest conversion of 3-year, Irredeemable Convertible Unsecured Loan Stocks to Ordinary Shares

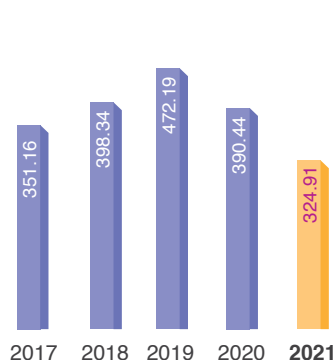
** Net assets per share has been calculated with exclusion of perpetual notes and sukuk.

5-YEAR FINANCIAL HIGHLIGHTS

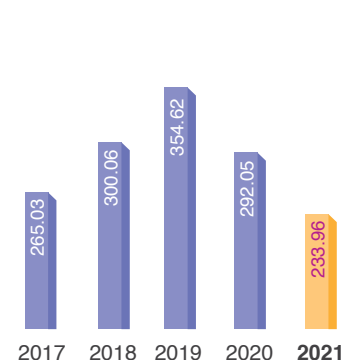
Revenue
(RM Million)



Profit Before Tax
(RM Million)



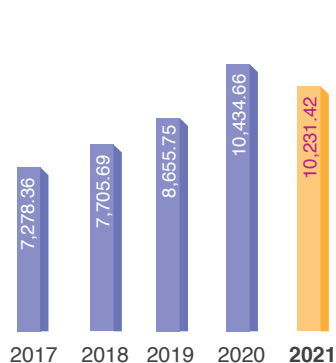
Profit After Tax
(RM Million)



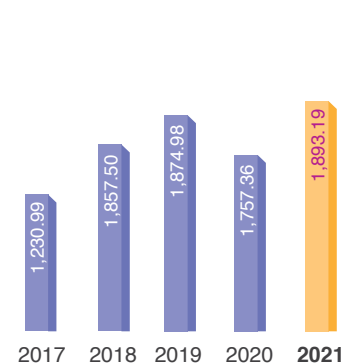
Net Financing Receivables
(RM Million)



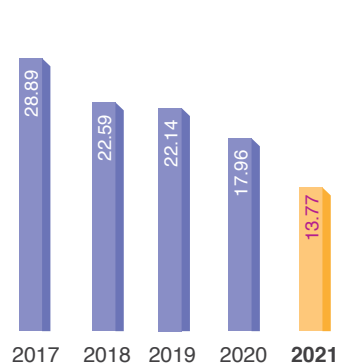
Total Assets
(RM Million)



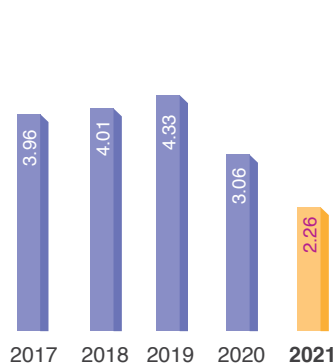
Total Equity
(RM Million)



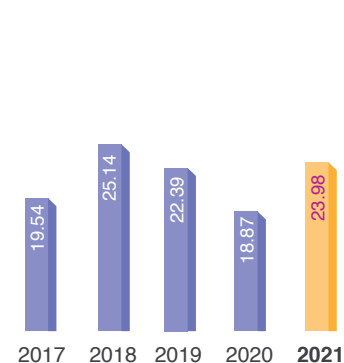
Return On Equity
(%)



Return On Assets
(%)



Capital Adequacy Ratio
(%)



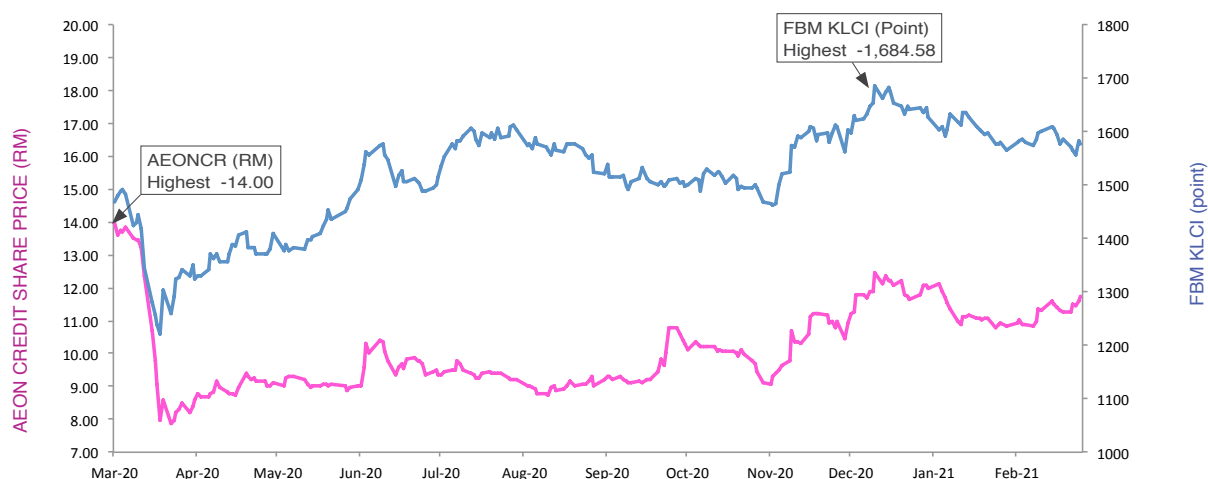


INVESTOR INFORMATION

SHARE PRICE

AEON CREDIT (AEONCR) SHARE PRICE VS. FBM KLCI

(1 MARCH 2020 TO 28 FEBRUARY 2021)

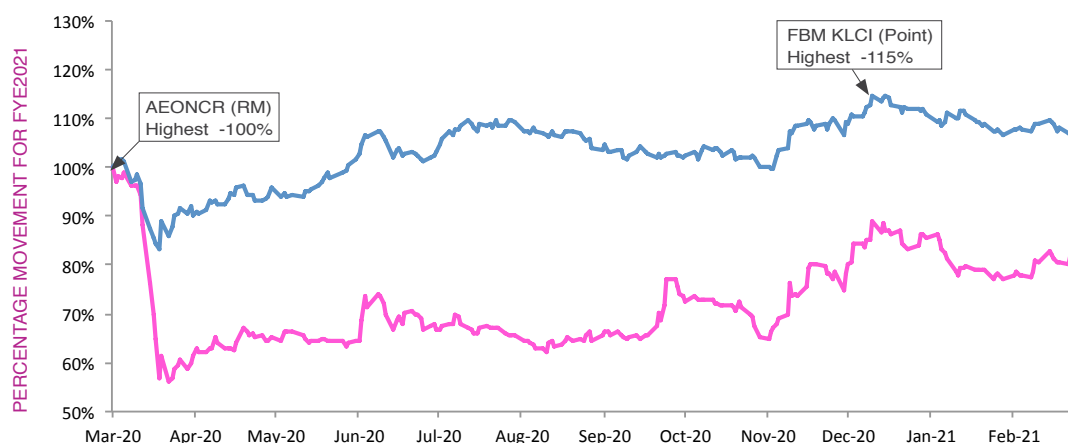


	AEONCR (RM)	FBM KLCI (Point)
Highest	14.00	1,684.58
Lowest	7.86	1,219.72

— AEONCR
— FBM KLCI

AEON CREDIT (AEONCR) SHARE PRICE MOVEMENT VS. FBM KLCI MOVEMENT

(1 MARCH 2020 TO 28 FEBRUARY 2021)



	AEONCR	FBM KLCI
Highest	100%	115%
Lowest	56%	83%

— AEONCR
— FBM KLCI

INVESTOR INFORMATION

INVESTOR RELATIONS

The global economic upheaval sparked by the COVID-19 pandemic poses unprecedented challenges and uncertainties to the business environment. In this time of uncertainty, the Company values the support of investors and the significant role of investors to realizing the Company's growth plans. An effective investor relations programme has been developed to bridge the flow of information that is critical to the investment community. Focus on the use of technology to maintain effective two-way communications between the Company and the investment community in the time of crisis. AEON Credit has a dedicated investor relations team ("IR team") which is led by the Chief Corporate Officer ("CCO") and Chief Financial Officer ("CFO") that constantly relays feedback to the Senior Management and Board of Directors. The Company provides timely, accurate and transparent picture of the Company's key strategy and financial performance to investors via multiple communications platform. The Management devotes time to conduct conference calls with investors, as well as maintaining a comprehensive and up-to-date investor relations website.

INVESTOR RELATIONS EVENT FYE2021

Analyst Briefings

AEON Credit has conducted analyst briefings on quarterly basis on the Company's financial performance and strategic focus areas of the Company. CFO presented the quarterly and annual financial performances and took questions for more detailed discussion and explanation. CCO and IR team were on hand to take on more business-specific and operational queries. It is the IR team's responsibility to ensure that the financial statements are timely lodged with the Bursa Securities.

Date	Event	Venue
26 Jun 20	AEON Credit Q1FYE21 Analyst Briefing	VE Hotel & Residence
30 Sep 20	AEON Credit Q2FYE21 Analyst Briefing	VE Hotel & Residence
22 Dec 20	AEON Credit Q3FYE21 Analyst Briefing	Conference Call
09 Apr 21	AEON Credit Q4FYE21 Analyst Briefing	Conference Call

The CCO, CFO and IR team have participated in various conference calls in FYE2021 to brief investors on the Company's strategic plan and update on financial performance. Due to the pandemic containment measures that include re-imposition of Movement Control Order ("MCO"), one-on-one and small group virtual meetings were conducted periodically to ensure a high level of investor engagement during the year. Nevertheless, the scarcity of meetings translated to greater interest as we reached 306 no. of participants including fund managers, bankers, researchers and analysts in FYE2021 versus 186 the year before. We maintained as strong an engagement as possible with stakeholders while continuing to utilise the share register analysis to identify and earmark stakeholders who needed to be engaged.

Research Coverage

The Company covered by the investment community and the stock had active coverage by a total of 7 research houses and continues to be tracked by buy-side analysts and fund managers domestically and globally.

No	Research House
1	Affin Hwang Investment Bank Bhd
2	AllianceDBS Research Sdn Bhd
3	CLSA Securities Malaysia Sdn Bhd
4	KAF Seagroatt & Campbell Securities Sdn Bhd
5	Kenanga Investment Bank Bhd
6	MIDF Amanah Investment Bank Bhd
7	RHB Investment Bank Bhd





03 REFLECTIONS FROM TOP LEADERSHIP

- 22 Chairman's Statement
- 26 Management Discussion and
Analysis





CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (“the Board”) of AEON Credit, I am pleased to present the Integrated Annual Report and Audited Financial Statements for the financial year ended 28 February 2021 (“FYE2021”).

It has been a tumultuous and challenging year and AEON Credit needed to contend with the occasion. We remained steadfast in our management philosophy of supporting our customers' lifestyles to enable future opportunities through effective use of credit, while our short term focus was on the provision of financial relief, as well as to ensure the safety of both our customers and employees. FYE2021 was a year of sustaining the internal drive to ensure the Company maintained a healthy asset quality needed to overcome the impact of the pandemic and ensure agile actions were taken towards recovery of business operations.

The Company's strategic focus remains unwavering in ensuring recovery and growth, by embarking on counteractions against the impact of COVID-19, which were focused on cost management, asset quality enhancement and customer support.

NG ENG KIAT
Chairman



CHAIRMAN'S STATEMENT



RESPONDING TO COVID-19 ENVIRONMENT

The COVID-19 pandemic that hit Malaysia in 2020 was an unprecedented global event. What began as a health crisis quickly became an economic crisis that had an all-encompassing impact to the way we lived. AEON Credit was also affected by the impact it was having on our customers, employees, business operations and business partners.

This pandemic posed the biggest challenge that the Management has had to overcome. It is fortunate that the vast experience, expertise and support from the Senior Management and employees backed by invaluable guidance from the AEON Financial Service Co., Ltd. ("AFS"), Japan have helped us to navigate this challenging and uncharted path while remaining resilient.

Although it had been a long and difficult road for all, Malaysians were aided by the various economic and financial assistance programmes made available by the Government and the financial sectors. AEON Credit voluntarily participated in the Government's call for financial relief assistance plans to aid in the economic sustenance of our customers and to fulfil our community sustainability obligations by offering a 2-months automatic loan moratorium for easy payment and personal financing products to our customers. A total of 883,000 customers have benefited from these assistance programmes. Subsequently, the Company introduced further assistance such as the AEON Relief Programme ("ARP"), conversion of credit card balances into instalments and other Refinancing and Restructuring programmes to help alleviate the financial burden faced by our customers during the pandemic.

As the world grappled with the new norms, AEON Credit managed to quickly adapt to ensure that our customers could continue to utilise our services whilst protecting our employees' safety and ensuring the continuity of our business operations.

In compliance with the National Security Council ("NSC")'s Standard Operating Procedures at workplace and to deliver our commitment towards our employees' safety and welfare as utmost priority, all the necessary initiatives were implemented throughout the Movement Control Order ("MCO") since it was introduced in March 2020, to protect not only our employees' physical health, but also to mitigate their economic, financial, mental and emotional state.

AEON Credit is indeed very glad to state that there were no salary reductions or employee retrenchment conducted to date. However, the Company relied on natural attrition for cost optimisation. On top of that, the Company managed to provide a bonus pay-out and early salary remittances during festive seasons to provide financial relief to our employees whose families were affected by the pandemic.

Operationally, the Company had implemented several initiatives to ensure the seamless continuity of our business.

These initiatives included identification of critical business operations to work at the office, switching to work from home ("WFH") arrangements for other supporting functions, adoption of virtual meeting platforms, provision of Personal Protection Equipment ("PPE"), weekly sanitisation of the workplace and implementing rules for physical distancing to further safeguard both our employees and customers.

Additional steps were also carried out to ensure that our employees were safe such as conducting a mandatory mass COVID-19 swab test, compulsory daily self-health declarations, mandatory self-temperature checks and MySejahtera registrations were implemented for all employees and visitors.

In light of the headwinds, the Company remains resolute in its efforts to preserve sufficient liquidity to meet its continuing financial obligations and strengthen its financial resilience amidst this incredibly challenging period.



COMMUNITY SERVICE

Amidst an environment of restricted movement and social distancing, community based programmes were carried out by the Malaysian AEON Foundation ("MAF") to assist the country's frontliners and those in need. Our focus on corporate sustainability as a key guiding pillar remains steadfast during these challenging times.

AEON Credit contributed to several different community groups that were badly affected by the pandemic by donating food and hygiene essentials to the medical frontliners at several hospitals in Malaysia. Food packs were distributed to district police offices and medical frontliners at the city centre, whilst underprivileged families and orphans, benefited from AEON Member Plus Visa Card reloads, Christmas gifts and new attire during the festive seasons. In collaboration with the AEON Group of Companies, the Company provided Flood Disaster Relief for several hundred affected families and relief centres with essential food items and personal hygiene care.

The Company is committed to long-term sustainability, especially in the areas of excellent customer experience, financial and IT governance, employee recognition and engagement as well as energy conservation.

The full details of these are set out in the Sustainability Statement of this Integrated Annual Report.



CHAIRMAN'S STATEMENT

REWARDING SHAREHOLDERS THROUGH DIVIDEND RETURNS

We continue to maintain a reasonable return to our shareholders with total dividend declaration of 29.2 sen per share for FYE2021, translating to a dividend payout ratio of 31.9% despite a decline in net profit. The Company has paid an interim dividend of 9.20 sen per share and has recommended a final dividend of 20.0 sen per share which is subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM").

FINANCIAL PERFORMANCE

The pandemic which hit the world unexpectedly had negatively affected the Company's financial performance for the FYE2021, resulting in lower revenue in line with weaker transaction and financing volume. The Company saw its profit after tax dip from RM292.05 million in FYE2020 to RM233.96 million mainly due to increase in impairment loss on financing receivables of RM58.11 million which was partly offset by lower operating expenses.

Further details of the Company's financial performance are set out in the Management Discussion and Analysis section of this Integrated Annual Report.

SUSTAINABILITY STATEMENT

The ability of AEON Credit to navigate this challenging year is mainly due to our strong foundation in good Corporate Governance and Risk Management, as well as our belief in people.

Although the Company had only in the recent few years embarked on promoting sustainability via the incorporation of Environmental, Social and Governance ("ESG") principles, these principles have aided in the Company persevering during this tumultuous year of challenges. AEON Credit's sustainability pillars encompass conduct and trust, customer experience, digital product and service transformation, employee health, safety and well-being, environmental stewardship and contributing to communities.

These sustainability pillars have kept the Company afloat and preserved our employees' livelihood, which despite the imposition of the MCO and an economically challenging period, we have been able to maintain our workforce and continue serving our customers, and also maintaining a reasonably healthy return for our stakeholders.



CHAIRMAN'S STATEMENT



OUTLOOK AND PROSPECTS

The domestic economy is expected to recover in year 2021 supported by the rebound in global demand, turnaround in public and private sector expenditure and the rollout of COVID-19 vaccines to achieve herd immunity. The Company will continue to closely monitor and assess the inherent credit risks in its financing portfolio, with proactive attention focused on enhancement of asset quality, prudent cost management and improvement on financial and operational efficiencies.

The Company remains committed to strive in building business sustainability by investing in information technology to further transform its capacity in digitalisation especially in the areas of B2C2B transformation, artificial intelligence, robotics and quicker processing.

We will continue to promote cashless transactions, enhance the features of the AEON Wallet, and integrate the database across the AEON Group of Companies to optimise the potential of data analytics in product offerings and cross-selling. Whilst digitalisation projects are underway, current efforts are focused on customising strategies based on regions, in order to enable more agile decision making and the capturing of customers' current and expected needs.



TRANSFORMATION FROM FINANCIAL SERVICE TO COMPREHENSIVE SERVICE

The financial industry as a whole is already gearing towards moving into both banking and non-banking business activities which will allow participants to leverage their vast consumer base, by offering new products and services to fit customer needs.

AEON Credit plans to strategically shift from a financial service company to a comprehensive service company in a bid to serve our customers better.

To some extent, we have been offering these services by expanding our credit line to the mode of vehicle financing, enabling our customers to acquire their own transportation, empowering them to become an income earner, or pursue educational certifications, which in turn will improve their personal and economic standing.

Insurance alliances have also enabled us to combine the health and wellness business to provide new products and services, to our existing and new customers.



APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to express my sincere gratitude to our customers, shareholders, business partners and regulators for their unwavering support and confidence in the Company, throughout a challenging year.

Our success has in part, been made possible by holding on to our management philosophy, "To support our customers lifestyle and enable each individual to maximise future opportunities through effective and use of credit."

Over the years, serving our customers financial needs and improving their lives, has allowed AEON Credit to thrive as a business. This achievement would not have been possible had it not been for the dedicated contribution of our frontliners, who had adapted quickly to the new norm and contributed to ensure the Company's projects were delivered and completed efficiently. We will continuously strive to bring added value to our society in our quest to achieve excellence in what we do.

The Board also wishes to convey its utmost appreciation to Mr Yuro Kisaka, our Managing Director, who will retire after the conclusion of the 24th AGM, for his tireless dedication during his tenure of service in Malaysia. His bold and strategic initiatives coupled with his resolute stewardship of AEON Credit has well-positioned the Company to move forward with renewed purpose in the current challenging times.

Dato' Md Kamal bin Ismaun and Mr Masaaki Mangetsu who will be retiring at the 24th AGM have also indicated that they are not seeking re-election. I would like to express my sincere gratitude for their wise counsel and invaluable contributions all this time.

We will certainly miss all these fine gentlemen on our Board.

Finally, I also wish to extend my heartfelt thanks to the Management team and our dedicated employees for their continued diligence, untiring efforts and sacrifices.

Thank you.

NG ENG KIAT
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS



YURO KISAKA
Managing Director



OPERATING ENVIRONMENT

The AEON DNA has driven AEON Credit to constantly take on new challenges, with continuous innovation taking forefront in everything that we do. The AEON DNA can be historically traced back to the 'spirit of peddler' upheld since 1758 as a key feature of our strategy. It simply translates into the will to constantly move like the peddler, be it to find business opportunities or customers, where their features, needs and wants changes in accordance to customers life stages and surrounding circumstances.

This need to always move and keep up with changes surrounding us, to continuously adapt to customers' needs and the ever-changing business landscape, had served the Company well, especially with the COVID-19 pandemic situation. The pandemic situation had required innovation for online transactions due to movement restrictions. In meeting this demand, the Company is speeding up its digital transformation to increase sales via digital platforms. During the MCO imposition, the Company ceased customer-facing and other frontline operations across its entire branch network and this directly impacted its business. With this transformation, we will be able to connect with customers directly, proactively offer personalised solutions, while simplifying and automating operational processes and improve efficiency. Through the digital transformation, AEON Credit would be able to enhance customers' experience, generate incremental revenue opportunities and improve operational efficiency. For the second-half of FYE2021, we have also reviewed our Company structure and follow through our medium-term growth strategy by replacing our core system with a new system to boost efficiency and productivity. We are also pursuing cashless transactions through our AEON Wallet.



RESPONDING TO COVID-19

The outbreak of COVID-19 highlights the need for immediate action to reduce the health and economic impact of the pandemic, protect vulnerable groups and set the stage for a sustained recovery. Recognising that some customers were severely impacted by the pandemic, AEON Credit had decided to offer a two-month (2) payment holiday program for Easy Payment and Personal Financing products, to a total of 883,000 eligible customers, effective from 1 April 2020. The AEON Relief Programme ("ARP") which was offered in May 2020 with 96% of customers paying the arrears by September 2020, was supported by 584 employees from different departments working together to implement it.

The Company had also extended a Moratorium Scheme to the retrenched and those who suffered from pay-cuts. Although this program ended in March 2021, the Company continued to offer Refinancing or Restructuring scheme to customers who are still facing repayment challenges. In total the Company has offered RM690 million worth of relief packages to 426,000 customers. A simplified process has been established to facilitate those applying for this assistance, with approval provided within 24 hours and disbursement within five days of approval.

MANAGEMENT DISCUSSION AND ANALYSIS

Our employees are the Company's principal asset. With this in mind, AEON Credit had taken the necessary precautionary actions to safeguard the well-being of employees and minimise exposure to the virus. The full details of these counter measures are provided in the Sustainability Statement of this Integrated Annual Report.

FINANCIAL PERFORMANCE

Overall, Malaysian Gross Domestic Product ("GDP") contracted 5.6% in 2020, compared to a growth of 4.3% recorded in year 2019. Malaysia was affected by the MCO and with the implementation of Standard Operating Procedures ("SOPs"), comprising widespread containment measures, international border closures, leading to the weak external demand environment, constrained domestic economic activities, resulting in a considerably reduced production and spending and weakened labour market conditions. Fiscal stimulus measures, alongside monetary and financial measures, however, provided some temporary support to the economy. Higher unemployment rate was evident, especially in the hospitality-related industries, standing at 4.8% (0.77 million) in December 2020.

Accordingly, AEON Credit's business operations in FYE2021 reflected the abovementioned challenges, which impacted our overall financial performance. In light of all these, AEON Credit registered a revenue of RM1,561.66 million for the FYE2021, a 2.3% decline year-on-year ("YOY") (FYE2020: RM1,598.78 million) mainly due to lower income in line with weaker transaction and financing volume during the year, with business activities being disrupted during various MCOs. Total transaction and financing ("T&F") volume for the year declined 33.7% from RM6,380.98 million to RM4,228.76 million.

Profit before tax ("PBT") was recorded at RM324.91 million (FYE2020: RM390.44 million), 16.8% lower compared to the previous financial year. The decrease was mainly due to lower revenue and incrementally higher impairment losses on financing receivables of RM58.11 million occasioned by the effects of COVID-19 pandemic. However, the decrease in PBT was mitigated by lower operating expenses of RM62.98 million. The incrementally higher allowances for impairment losses took into consideration the need to anticipate a deterioration in asset quality due to the negative effects of the continuing pandemic.

Correspondingly, the Company recorded a lower Profit after tax ("PAT") of RM233.96 million (FYE2020: RM292.05 million). However, we have recorded an improvement on cost efficiency due to prudent cost management initiatives, contributed by lower personnel, advertisement and promotion expenses, with our cost-to-income ratio excluding impairment loss standing at 30.2%.

STATEMENT OF FINANCIAL POSITION

Throughout the pandemic and MCO, AEON Credit has implemented strategic plans to adapt to the prevalent economic uncertainties. The Company recorded an increase of total equity to RM1,893.19 million and net asset value per share stood at RM6.63, highest in past 3 years.

The Company continues to closely monitor the asset portfolio by customer segment to strengthen its asset quality. As at 28 February 2021, gross financing receivables decreased by 3.0% to RM10,078.16 million as compared to the RM10,394.66 million recorded in the previous year. Non-performing loans ("NPL") ratio as at end FYE2021 stood at 2.46%.

The Company's capital adequacy ratio ("CAR") escalated to 24.0% in FYE2021 from 18.9% in FYE2020, the strong capital position provides ample headroom for growth in the future. The Company recorded a Return on Equity ("ROE") and Return on Asset ("ROA") of 13.8% and 2.3% respectively. Debt-to-equity ratio improved from 4.6 times to 3.8 times.

OPERATIONAL REVIEW

Easy Payment and Personal Financing Business

Easy Payment and Personal Financing schemes recorded RM2,604.52 million in financing volume for FYE2021, decline by 41.7% from RM4,466.12 million in financial year 2020 as the business activities were impeded by the enforced closure of merchant premises and Customer Support Unit operation during MCO. Motorcycle Financing remains as a key driver to financing volume with 33.3% share in portfolio.

To enhance asset quality, the Company had during the year revised its product strategy and tightened credit policies for all its product offerings in response to the imposition of MCO and market impediments. With effective collection strategies and reactivation of the economy, the Company's business activities gradually recovered in the second half year 2020.

Expansion of core businesses continues to be our main priorities where we focus on products with better profitability by reviewing the market and industry potentials, customer segments and geographical inputs.

Card Business

In FYE2021, credit card transactions declined by 19.2% from RM1,827.25 million to RM1,476.23 million, impacted by the imposition of MCOs. However, acquiring transactions within AEON Group of Companies have increased to RM1,524.16 million, 347.7% against last year with AEON Credit terminals being prioritised for card payment acceptance. E-money transactions volume grew by 68.9% to RM148.01 million as compared to RM87.61 million in FYE2020.

MANAGEMENT DISCUSSION AND ANALYSIS

AEON Credit positions AEON Cards as an everyday card for cardholders with product differentiation created leveraging on AEON Group of Companies. Apart from that, AEON Wallet with the QR payment feature provides AEON Cardholders a cardless payment experience and faster checkout at cashiers by enabling their AEON Wallets to perform payment and accumulate AEON Points through the app.

Under the AEON Member Switch Over Program, various campaigns have been launched to convert the AEON Card members to AEON Member Plus Visa Card members which provide card members with more benefits inclusive of higher rewards and exclusive deals. To date, 1.05 million AEON Card members have converted to the AEON Member Plus Visa card. As at FYE2021, we have a total 2.24 million AEON Cards in circulation and 1.0 million AEON Wallet downloads.



TECHNOLOGY INNOVATION AND DIGITALISATION

Malaysia is becoming an important market for fintech growth, driven by infrastructure development catering to the high penetration in mobile and internet services amongst the population. Malaysian Communications and Multimedia Commission (“MCMC”) data shows that Malaysia’s mobile penetration is over 130% and an internet broadband penetration of over 120% in year 2020.

In line with this growth, AEON Credit had prioritised initiatives in speeding up our digitalisation efforts, allowing for instant and faster processing of our customers product approvals, which in turn created a new demand to further improve user experience and operational efficiency. In FYE2021, the Company successfully implemented digital onboarding and improved transaction processing turnaround time by automating application processes, resulting in seamless customer experience and improved operational efficiency.

AEON Credit is also looking at replacing its Core System which is aimed at enhancing operational efficiency.

DECENTRALISING OPERATIONAL EFFICIENCY

A Regionalisation Strategy was established and designed to shift our focus from a product-based organisation to a customer-focused organisation to support customers’ needs and also streamline operation for cost efficiency.

AEON Credit’s initial regionalisation activity was to localise our marketing strategy by states in order to better facilitate the business expansion for potential untapped markets and customise our product offerings. This move is essentially aimed at capturing new market segments, in accordance with their localised customers’ unique requirements and enabling swift customisation of our product offerings.

AEON Credit had also reorganised its regional telemarketing centre by reallocating the required resources to strategic hubs, based on proximity, profitability and services provided. Manpower rationalisation allows the Regional Telemarketing Unit to expand laterally and form regional hubs, ensuring a fall-back operations centre in case of down-time, with centralised performance monitoring and growth strategy plans.

Branch Cash Deposit Machine (“CDM”) network revision strategies and payment channels enhancement via merchant networks under the branch rationalisation strategy leverage on digital shift to gradually reduce the number of branches and CDM, a total of 5 branches and 1 kiosk had been closed as at February 2021.

PURSUIT OF SUSTAINABILITY



In order to manage and attain our sustainability goals in the organisation, AEON Credit’s Board Risk Committee (“BRC”) continues to support the sustainability agenda and practices in the Company. The BRC oversees all principal businesses, financial, strategic and operational risks, driving risk management efforts organisation wide, as well as sustainability related matters including reviewing the overall sustainability plans, objectives and its performance.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the Malaysian Anti-Corruption Commission Act 2009, the Company is committed to conduct its corporate and social activities with integrity, sincerity and ethically by adopting a zero tolerance of all forms of bribery. The Company provides appropriate anti-bribery awareness and training on the Policy and the duty for all personnel to comply, on a regular basis, as appropriate in their roles. The Company's Management team and employees had undergone the anti-corruption training either through physical or online platforms. All employees are expected to lodge a report on any bribery case immediately to the Management via our whistle blowing channel, to avoid reputational damage and loss of business confidence. Risk Assessment on Anti-Bribery is conducted annually and covers all business operation in terms of business engagement with customers, business associates and regulators. The Company also adheres to Integrated Management System ("IMS") which is a combination of common elements of ISO 9001:2015 Quality Management System ("QMS"), ISO/IEC 27001:2013 Information Security Management System ("ISMS") and ISO 14001:2015 Environmental Management System ("EMS") into one coherent system to facilitate management and oversight, especially during the COVID-19 pandemic.

The full details of these and other sustainability and governance highlights are provided in the Sustainability Statement of this Integrated Annual Report.

OUTLOOK AND PROSPECTS

In 2021, the Malaysian economy is projected to grow between 6.5% and 7.5%, driven partly by anticipated improved global economic outlook, strong economic fundamentals and a well-diversified economy. The Malaysian Government had launched various economic stimulus packages to boost economic growth while continuing to manage the health crisis, safety of the people, address household needs and businesses adversely affected by the COVID-19 pandemic. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand.

Amid the market volatility arising from the impact of the pandemic, the Company will continue to provide support to our targeted customer needs while setting a solid foundation for growth opportunity post COVID-19. AEON Credit had accelerated our digital transformation to provide a seamless customer experience and safety of stakeholders through a digital onboarding platform. Moving forward, enhanced risk management, prudent cost optimisation and expansion of core businesses will remain our main priorities to drive efficient growth.

ACKNOWLEDGEMENTS

I would like to take this opportunity to acknowledge and express my sincere gratitude for all the hard work and contributions by our employees during the course of this year. Without their dedication and adaptability throughout the years, we would not be where we are today and for that, my sincerest and most heartfelt appreciation to all of them.

My utmost appreciation to the Board of Directors for their wise counsel and stewardship. FYE2021 has indeed been an unprecedented year and one that we would not have managed to temper, without the leadership, passion, drive and perseverance of our esteemed Board of Directors and the Management team.

Finally, to all our customers, my heartfelt thanks for your continued trust and loyalty to us. My utmost gratitude also to all our business partners, shareholders and all other stakeholders who have braved the tide with us and continue to support AEON Credit throughout the years. A special tribute to all frontliners across the nation who have shown great dedication and commitment to keeping our nation safe and connected.

Yours sincerely,

YURO KISAKA
Managing Director

04 VALUE CREATION

- 31 Our Approach to Value Creation
- 32 Value Creation Model





OUR APPROACH TO VALUE CREATION

PHILOSOPHY:

“ We provide various financial solutions for our consumers diverse needs to support our customers’ lifestyle and enable each individual to enhance their lifestyle through effective use of credit. ”

OUR KEY FOCUS AREA

Business Recovery

- ∞ Focusing on Receivables growth by speed up AEON database cross selling and create the new demand through channel expansion
- ∞ Understanding the customer’s needs and to target the right customers
- ∞ Offering the right products at difference life stages
- ∞ Product and Customer Portfolio Management

Continuously Supporting Stakeholders

- ∞ Safety and well-being
- ∞ Transform customer journeys by accelerating digitalisation efforts
- ∞ Risk Management and business continuity
- ∞ Talent development and sustainability
- ∞ Improve social standards and safeguard stakeholders’ interests

Environmental, Social and Governance (“ESG”) Factors

- ∞ Contribute to ESG performance and Sustainable Development Goals (“SDGs”) in operations and practices
- ∞ Enhance existing financial framework, policies, procedures and risk practices
- ∞ Participate in the Financial Assistance Programs and provide support to customers and community

Operation Efficiency Initiatives

- ∞ Continuous cost efficiency improvement through cost optimisation
- ∞ Digitalise business process
- ∞ Regionalisation strategy
- ∞ Develop system infrastructure and architecture systemisation to support Company’s long-term growth

VALUE CREATION MODEL

At AEON Credit Service (M) Berhad, we put our resources, expertise and networks for the well-being of our customers, the advancement of our communities and employees, the preservation of our environment, and for the promotion of a stable, inclusive and sustainable economy. We are committed in creating long-term value for all our stakeholders. Our strategy aims to address the interests of all stakeholders, and is underpinned by both financial and non-financial targets. It is our aspiration to be an industry leader in the non-bank financial industry, known for customer engagement, talent development people and our contribution towards community building.

OUR CAPITALS



HUMAN

Leverage on employees' knowledge, competencies, experience and developed talent pool to meet our business goals and objectives



FINANCIAL

Income and earnings generated by our operations back into the business allow us to support future growth and capital management



MANUFACTURED

Provide physical and digital infrastructure to support operational needs of businesses



INTELLECTUAL

Leverage on Company's vision, AEON brand name, industry know-how, market insights to create a competitive advantage for the business



SOCIAL AND RELATIONSHIP

Relationships with customers and key stakeholders including investors, regulators, communities



NATURAL

Optimise natural resources required by our operations in a conservative and responsible manner to minimise the environment footprint

INPUT

3,216
employees across the organisation

65%
female employee representation

RM2.9 million
invested in learning and development, and employee engagement activities

RM10.2 billion
Total Assets

RM3.0 billion
Market capitalisation

RM1.9 billion
Shareholder equity

Product Financing and settlement business to support customer's needs

Various system, data center and cyber security infrastructure

192
Cash Deposit Machine

65
branches and service centers

Vision, Mission and Company Core Values

Business expansion strategy

Digitalisation value chain transformation

Governance Framework and Policies

>1 million
customers

>13,000
merchants

>3,000
registered suppliers

Establish long-term strategic partnerships and collaborations

6 million
sheets A4-sized paper

RM2.1 million
Electricity expenses

OUR PRODUCTS



Product Financing

- Auto Financing
- Motorcycle Financing
- Objective Financing



Personal Financing



Credit Cards



Prepaid Cards and AEON Wallet

- AEON Member Plus Visa Card
- AEON Member Plus Card (XPRESS+)
- AEON Prepaid MasterCard



SME



Insurance

To meet customers' protection needs via products coverage expansion.

OUR KEY STRATEGIES



Digitalisation

To design, plan and implement Digital Business Platform with the use of FinTech solutions.



Operation Efficiency

To improve cost efficiency, increase operation productivity and business transformation.



Regionalisation

To develop Regional Strategy, agile decision making and capture customers' needs.



Sales and Receivables Growth Strategy

Driving towards business expansion.

Delivering Financial Outcome for AEON Credit

RM1.6 billion
REVENUE

RM234 million
PROFIT AFTER TAX

VALUE CREATION MODEL

MISSION

To provide a wide range of consumer financial services that best meet customer needs and we are committed to serve customers to enhance their lifestyle through our products and services

MATERIAL SUSTAINABILITY MATTERS



Data Security,
IT Infrastructure &
Digital Transformation



Excellent Customer
Experience,
Support & Access



Financial
Performance



Excellent Ethics,
Governance, Risk &
Compliance



Employee Health,
Safety & Well-Being



Responsible Financing /
Financial Inclusion



Talent &
Development



Responsible Marketing,
Product & Service Design



Efficient & Responsible
Procurement Process



Environmental
Management

KEY RISKS

CREDIT RISK

To minimise and control the potential significant losses which may derive from improper management of credit

OPERATIONAL RISK

To reduce the probability and potential impact of losses and improve control and mitigation of significant operational risks

FINANCIAL RISK

To mitigate and manage liquidity risk, interest rate risk and currency risk

CYBER RISK

To ensure continuous availability of services to customers and adequate protection of customer and the Company data

OUTPUT

>42%

leadership position held by women

7,137

total training
hours to upskill our employees

Health and well-being of employees throughout the COVID-19 pandemic

Delivery resilient business performance in the challenging environment

RM74.6 million
FYE2021 dividend payout

60.0%

Cost-to-income Ratio

Improve business by reflection of customers' voice

>1 million
AEON Wallet download

100%
Web application

Re-develop system architecture for flexible and agile system development

Expand business by tapping into difference customer segment

Operational excellence by knowledge advancement and digitisation

Risk Management/Business Continuity

RAM Ratings reaffirms AA3 and A1 ratings of AEON Credit's Senior and Subordinated Sukuk Wakalah Programme and P1 rating for Islamic Commercial Papers ("ICP") programme

Promoting the development of responsible financing under eco system

Customers and suppliers safety and well-being

RM329 million
contributed to suppliers

56%

reduction on paper consumption

14%

reduction on electricity consumption

39%

reduction in CO₂ emissions

RM10.1 billion
GROSS FINANCING RECEIVABLES

24.0%
CAR

31.9%
DIVIDEND PAYOUT

13.8%
ROE

05 LEADERSHIP TEAM

- 35 Board of Directors
- 41 Key Leadership
- 42 Senior Leadership





BOARD OF DIRECTORS

NG ENG KIAT

Chairman

Non-Independent Non-Executive Director

(68, Malaysian, Male)

Ng Eng Kiat was appointed as the Chairman of AEON Credit on 8 May 2018. Prior to this appointment, he was an Independent Non-Executive Director of AEON Credit since 7 August 2007, and redesignated as a Non-Independent Non-Executive Director on 23 January 2019. He is a member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Certified Public Accountants ("MICPA") and fellow member of the Chartered Tax Institute of Malaysia.

He has more than 40 years of experience in the field of audit, accountancy, corporate services and taxation. He had previously served as a member on a number of working groups of the Malaysian Accounting Standards Board, a co-opted member on a number of committees of the MICPA and an examiner for the final professional examination of the MICPA. He had also previously represented MIA as a member of the audit licensing panel under the auspices of the Ministry of Finance.

Presently, he is the Senior Partner/Adviser of the merged firm of Azman, Wong, Salleh & Co and Folks DFK & Co. He also sits on the Board of Directors of several private limited companies.

He is a member of the Remuneration Committee of the Company. He does not hold directorship in any other public or public listed company.

Ng has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. He holds 21,321 of ordinary shares directly in the Company.

Note:

All Directors disclosed on pages 35 to 40 do not have any family relationship with any Director and/or major shareholder of the Company, any conflict of interest with the Company, or any conviction for offences within the past 5 years, except for traffic offences, if any.





YURO KISAKA
Managing Director
 (47, Japanese, Male)

Yuro Kisaka was appointed as the Managing Director of AEON Credit on 20 June 2019. He obtained a Bachelor's Degree in Law from Nihon University in Japan in 1997.

Kisaka began his career at AEON Credit Service Co., Ltd. in April 1997 and was subsequently transferred to AEON Credit Service (Asia) Co., Ltd. in 2003 as an Assistant General Manager, heading the Sales and Marketing Division. Thereafter, he managed the Operations Division from 2006 to 2007.

Subsequently, Kisaka was transferred to AEON Credit Service (M) Berhad in December 2007, where he managed the Marketing, Credit Card and New Business Development departments in the period until 2011.

In June 2012, he was appointed as the Chief Representative at the Myanmar Representative Office of AEON Credit Service Co., Ltd. prior to establishment of business operations in Myanmar. In November 2012, he was appointed as the Managing Director of AEON Microfinance (Myanmar) Co., Ltd., a position which he held until his transfer to the Company in Malaysia in June 2019.

He does not hold any directorship in any other public or public listed company.

Kisaka has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. He holds 82,080 of ordinary shares directly in the Company.



DATO' MD KAMAL BIN ISMAUN
Non-Independent Non-Executive Director
 (73, Malaysian, Male)

Dato' Md. Kamal bin Ismaun was appointed as an Independent Non-Executive Director of AEON Credit on 7 August 2007, and redesignated as a Non-Independent Non-Executive Director on 23 January 2019. He obtained a Bachelor's Degree in Arts with Honours majoring in History and International Relations from Universiti Malaya in 1975.

He had served 32 years in the Foreign Service in various capacities both abroad and in Wisma Putra (Ministry of Foreign Affairs) which included stints as Counsellor at the Embassy of Malaysia in Tokyo, Japan (1986-1990), Charge d'Affaires in Zagreb, Croatia in Bosnia Herzegovina (1994-1996), Ambassador to Cambodia (1996-1999), Under-Secretary at the Ministry of Foreign Affairs (Southeast Asia and Pacific, 1999-2001), Director-General of ASEAN in the Ministry of Foreign Affairs (2001-2003) and Ambassador to Germany (2003 – July 2007).

He also serves as a member of the Nominating Committee in the Company. He does not hold any directorship in any other public or public listed company.

Dato' Kamal has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. He holds 10,637 of ordinary shares directly in the Company.



TOMOKATSU YOSHITOSHI
 Independent Non-Executive Director
 (69, Japanese, Male)



S SUNTHARA MOORTHY A/L S SUBRAMANIAM
 Independent Non-Executive Director
 (59, Malaysian, Male)

Tomokatsu Yoshitoshi was appointed as an Independent Non-Executive Director of AEON Credit on 30 June 2016.

He obtained a Bachelor's Degree in Law (Political Science) from Keio University, Japan in 1975. He received his post graduate education from the Graduate School of Business Administration, Indiana University, Bloomington Indiana, USA in 1981.

He has over 44 years of wide range international business experiences based on 24 years of international banking career at the Long-Term Credit Bank of Japan, Ltd. including assignments at USA, Brazil and UK.

Then he served as General Manager of Finance at the Daiichi Hotel, Ltd., Japan in 1998, General Manager of LDA Commercial Division at ING Life Insurance Co., Ltd. in 1999, General Manager at the Investment Trust Services Division in 2000.

He was appointed as President of ING Mutual Fund Management Co., Ltd. from 2002 to 2003. Subsequently, he served as General Manager of Bank Distribution Business Development at ING Life Insurance Co., Ltd. until 2009.

He served as an Audit & Supervisory Board Member at the Financial Products Group Co., Ltd. from 2012 until now.

In 2015, he was appointed as an Independent Non-Executive Director at AEON Bank Ltd., and as an Audit & Supervisory Board Member at FPG Trust Company Ltd. until now.

Currently, he holds the chair at both Remuneration Committee and Nominating Committee in the Company.

Yoshitoshi has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. He does not hold any shares in the Company.

S Sunthara Moorthy A/L S Subramaniam was appointed as an Independent Non-Executive Director of AEON Credit on 1 March 2018. He is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant with the MIA.

He has over 30 years of experience, mainly in general management, strategic business development, corporate finance, accountancy, tax and audit. Sunthara served as an audit senior in several accounting firms in London, United Kingdom (UK) from 1986 to 1995, prior to joining Faber Group Berhad ("FGB") (now known as UEM Edgenta Berhad) in 1995, where he served for 16 years. He held a few key positions in FGB and prior to leaving FGB, he was the Chief Executive Officer of Faber Facilities Sdn Bhd, a wholly-owned subsidiary of FGB, while concurrently holding the position of the Director of Corporate Services of FGB. He was on the Board of Eversendai Corporation Berhad as Executive Director of Corporate Affairs from October 2011 until March 2017.

Currently, he is the Chairman of the Audit Committee of the Company. He does not hold any directorship in any other public or public listed company.

Sunthara has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. He does not hold any shares in the Company.



DATUK ADINAN BIN MANING
Senior Independent Non-Executive Director
(64, Malaysian, Male)

Datuk Adinan bin Maning was appointed as an Independent Non-Executive Director of AEON Credit on the 28 June 2018. On 23 January 2019, he was appointed as a Senior Independent Director.

Datuk Adinan has 38 years of working experience of which 30 years has been in banking. He started in 1980 with Bank Bumiputra Malaysia Berhad and had in the last 10 years of his career served as the Chief Executive Officer of Bank Simpanan Nasional ("BSN").

Throughout his career he had exposure in various other industries such as property development and construction, manufacturing, loan recovery, assets management, investment and insurance.

He is currently the Non-Executive Chairman of Prokhas Sdn Bhd since September 2019 and a board member of Urusharta Jemaah Sdn Bhd. Previously, he had served as Chairman of BSNC Corporation Berhad, a board member of BSN, Prudential BSN Takaful Berhad, Permodalan BSN Berhad and Gibraltar BSN Life Berhad. Datuk Adinan was the President of World Savings Bank Institute (Asia Pacific) and had served as Treasurer of Persatuan Badan Berkanun Malaysia and a council member of Association of Development Financial Institution of Malaysia ("ADFIM").

Currently, he is a member of the Audit Committee and Chairman of Board Risk Committee of the Company. He does not hold any directorship in any other public or public listed company.

Datuk Adinan has attended twelve (12) Board meetings held during the year ended 28 February 2021. He does not hold any shares in the Company.



DATIN KHOO PEK LING
Independent Non-Executive Director
(69, Malaysian, Female)

Datin Khoo Pek Ling was appointed as an Independent Non-Executive Director of AEON Credit on 28 June 2018. She qualified as a Chartered Accountant of England & Wales in 1977; and is a Fellow of the Institute of Chartered Accountants England & Wales, a member of the MICPA, a member of the MIA and a member of the Chartered Tax Institute of Malaysia.

She started her career in Malaysia with Turquand Young (now Ernst & Young) in 1977 before taking up the role as the Group Financial Controller of a major public listed group for five years. In 1984, she started her own public practice and after several audit firm mergers, she became a senior partner of Folks DFK & Co and Azman, Wong, Salleh & Co.

She was on the Board of DFK International, an international association of independent accounting firms from 1992 to 1994. In January 2018, she retired from Folks DFK & Co and Azman, Wong, Salleh & Co after 35 years of professional practice in audit, taxation and insolvency services. She currently serves on the committee of a Non-Governmental Organisation and she also sits on the Board of Directors of several private limited companies.

She is a member of the Audit Committee and Board Risk Committee of the Company. She does not hold any directorship in any other public or public listed company.

Datin Khoo has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. She does not hold any shares in the Company.



DATIN YASMIN AHMAD MERICAN
 Independent Non-Executive Director
 (70, Malaysian, Female)



RASHIDAH BINTI ABU BAKAR
 Independent Non-Executive Director
 (65, Malaysian, Female)

Datin Yasmin Ahmad Merican was appointed as an Independent Non-Executive Director of AEON Credit on 23 January 2019. A business transformation practitioner, her professional focus continues to be in strategy, marketing and brand building. She holds an MBA in Strategic Marketing (Distinction) from the University of Hull, United Kingdom.

As a former partner of Ernst & Young in Malaysia and international partner with EY Global Client Consulting, she led the development of knowledge and customer management solutions for the global firm from the mid to the end of the 1990s in their Asia Pacific market. In 2000, she founded Trax Associates, and since then has supported the enhancement of various organizational capabilities in marketing, product/service development, brand and reputation management at some of Malaysia's largest institutions. In 2013, she authored and published 'The Right to Brand' a business book pioneering brand building methods for emerging market companies.

Currently, she is a director with AEON Fantasy Sdn. Bhd., HelloGold Sdn. Bhd., and Advisor to the AFS International/ Intercultural Programmes in Malaysia. She served on the board of the Malaysian Productivity Corporation ("MPC") and on the industry panel at the School of Information Technology, Monash University (Malaysia) between 2008 and 2012. She was the President of the Malaysian AEON Foundation, the charity arm of the AEON Group of Companies in Malaysia from April 2019 to April 2021.

She is a member of the Remuneration Committee and Nominating Committee. She does not hold any directorship in any other public or public listed companies.

Datin Yasmin has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. She holds 20,000 of ordinary shares directly in the Company.

Rashidah binti Abu Bakar was appointed as an Independent Non-Executive Director of AEON Credit on 23 January 2019. She graduated from University Malaysia in 1979 with LLB (Hons). She commenced work in Bank Negara Malaysia ("BNM") on 1 April 1979 at the Investment Department.

Rashidah was admitted as an Advocate and Solicitor of the High Court in Malaya in September 1981 upon her completion of legal professional qualifications.

She returned to BNM after being admitted to the Malaysian Bar and continued her service at BNM. In 1993, she was transferred to the Legal Department in BNM. Rashidah resigned from BNM in 1995 and joined private legal practice. Her area of practice was in conveyancing. She attended to financing documentation based on conventional as well as Shariah principles. She has gained experience in syndicated loans, private debt securities, sukuk documentation and highway financing. She has also been appointed as a President of the Consumer Tribunal constituted under the Ministry of Domestic Trade and Consumer Affairs with effect from 15 April 2018.

She is a member of the Board Risk Committee of the Company. She does not hold any directorship in any other public or public listed company.

Rashidah has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. She does not hold any shares in the Company.



MASAAKI MANGETSU
 Non-Independent Non-Executive Director
 (63, Japanese, Male)

Masaaki Mangetsu was appointed as a Non-Independent Non-Executive Director of AEON Credit on 20 June 2019. He obtained a Degree of Bachelor of Law from Keio University in Japan in 1981.

He has over 30 years of working experience, mainly in marketing, business and sales. Mangetsu began his career in AEON Co., Ltd. (then Jusco Co., Ltd.) in March 1981. He was later appointed as the Head of Sales Planning Department of Tokai Business Division of AEON Co., Ltd. in September 1996. In May 2007, Mangetsu became the Head of Sales Promotion Department of AEON Co., Ltd. and subsequently, the Head of Marketing Department in April 2008. He was then appointed as the Head of Nagano Business Department of AEON Retail Co., Ltd. in 2009 and the Head of Chiba Business Department AEON Retail Co., Ltd. in March 2010. In March 2012, he was transferred to AEON (China) Co., Ltd. and held the position of Head of Sales Support Division before being promoted as the Chief Operating Officer of General Merchandise Store ("GMS") Business in April 2013.

He began his career with AEON Credit Service Co., Ltd. in June 2014 where he was appointed as the Director, Executive Officer and Head of Marketing Division. In April 2015, Mangetsu was appointed as the Director of AEON Credit Service Co., Ltd.

In June 2015, he was appointed as the Director and Head of Marketing Division of AEON Financial Service Co., Ltd. In June 2016, Mangetsu was appointed as the Managing Director in charge of Business Strategy and Head of Overseas Business Division of AEON Financial Service Co., Ltd. and later appointed as the Managing Director in charge of Global Business Strategy in April 2017.

Masaaki Mangetsu was then appointed as the Director and Chairman of AEON Credit Service (Asia) Co., Ltd. in June 2017. He was later appointed as the Chairman of AEON Micro Finance (Shenzhen) Co., Ltd. in May 2019 and Director, Managing Executive Officer in charge of Overseas Business Strategy and Operations Planning of AEON Financial Service Co., Ltd. in July 2019. He still holds the 3 positions above to date.

He does not hold any directorship in any other public or public listed company. Mangetsu has attended twelve (12) Board meetings held during the year ended 28 February 2021. He does not hold any shares in the Company.



LEE TYAN JEN
 Executive Director
 (47, Malaysian, Female)

Lee Tyan Jen was appointed as an Executive Director of AEON Credit on 1 July 2013. She obtained a Bachelor's Degree in Business Administration from University of South Alabama, USA in 1996.

She joined AEON Credit in 1998 as an Officer in the Credit Assessment Department. Subsequently, she was promoted to various positions in the Credit Assessment Department and was appointed as the Assistant General Manager in 2006. In 2008, she was promoted as General Manager and served as the Head of Credit Assessment Group before assuming the position as Head of Business Operations Division in April 2015. In April 2016, she was designated as the Chief Operating Officer of the Company and as Head of Customer Service and Operations Division. Subsequently, her portfolio was added with Head of IT Group in March 2017. She was redesignated as Chief Information Officer and Head of IT Division since April 2019. In July 2020, she was reassigned as the Head of IT & Customer Service Division.

She does not hold any directorship in any other public or public listed company.

Lee has attended all thirteen (13) Board meetings held during the year ended 28 February 2021. She holds 42,257 of ordinary shares directly in the Company.

KEY LEADERSHIP



1 YURO KISAKA
Managing Director
 (47, Japanese, Male)

Date of Appointment:

20 June 2019

Academic/Professional Qualification:

Bachelor's Degree in Law

Directorship/Relevant Appointments:

Board Member

Relevant Experience:

His profile is disclosed in the Directors' Profiles on page 36 of this IAR.

2 LEE TYAN JEN
Chief Information Officer
 (47, Malaysian, Female)

Date of Appointment:

1 July 2019

Academic/Professional Qualification:

Bachelor's Degree in Business Administration

Directorship/Relevant Appointments:

Board Member

Relevant Experience:

Her profile is disclosed in the Directors' Profiles on page 40 of this IAR.

3 LEE KIT SEONG
Chief Corporate Officer
 (52, Malaysian, Male)

Date of Appointment:

1 July 2020

Academic/Professional Qualification:

ACCA, MIA

Directorship/Relevant Appointments:

He does not hold any directorship in any other public or public listed company.

Relevant Experience:

Has more than 20 years of experience in finance and accounting.

4 AJITH A/L JAYARAM
Chief Business Officer
 (41, Malaysian, Male)

Date of Appointment:

1 July 2019

Academic/Professional Qualification:

Master of Management

Directorship/Relevant Appointments:

He does not hold any directorship in any other public or public listed company.

Relevant Experience:

Has over 19 years of experience in collection, sales, corporate strategy, business development and digital strategy in AEON Credit.

5 LEE SIEW TEE
Chief Financial Officer
 (51, Malaysian, Female)

Date of Appointment:

1 July 2020

Academic/Professional Qualification:

ACCA, MIA

Master of Business Administration

Directorship/Relevant Appointments:

She does not hold any directorship in any other public or public listed company.

Relevant Experience:

Has more than 20 years of experience in finance and accounting related experience from listed and private companies and previously held the position as Head of Finance Group in AEON Credit.

6 FAIZUL BIN HAMZAH
Chief Compliance Officer
 (44, Malaysian, Male)

Date of Appointment:

15 October 2020

Academic/Professional Qualification:

Bachelor of Business Administration

Directorship/Relevant Appointments:

He does not hold any directorship in any other public or public listed company.

Relevant Experience:

Has 19 years of experience in credit assessment, customer service, product development, corporate affairs and corporate governance in AEON Credit.



SENIOR LEADERSHIP



1

1

LEE TYAN JEN
Head of IT & Customer Service Division
(47, Malaysian, Female)

Date of Appointment:
1 July 2020
Academic/Professional Qualification:
Bachelor's Degree in Business Administration



2

2

LEE KIT SEONG
Head of Corporate Management Division
(52, Malaysian, Male)

Date of Appointment:
17 July 2017
Academic/Professional Qualification:
ACCA, MIA



3

3

AJITH A/L JAYARAM
Head of Business and Marketing Division
(41, Malaysian, Male)

Date of Appointment:
1 July 2020
Academic/Professional Qualification:
Master of Management



4

4

LEE SIEW TEE
Head of Finance Division
(51, Malaysian, Female)

Date of Appointment:
1 July 2020
Academic/Professional Qualification:
ACCA, MIA, Master of Business Administration



5

5

TAN KEAN WOON
Head of Credit Operation Division
(45, Malaysian, Male)

Date of Appointment:
6 April 2018
Academic/Professional Qualification:
Bachelor of Economics



6

6

CLARENCE CHAI
Head of Regional Business Division
(58, Malaysian, Male)

Date of Appointment:
1 July 2020
Academic/Professional Qualification:
Advance Level Business Studies



7

7

KATSUSHI IWAMOTO
Head of Business Control Division
(46, Japanese, Male)

Date of Appointment:
1 July 2020
Academic/Professional Qualification:
Bachelor of Business Administration



8

8

PHANG CHEE CHONG
Head of Internal Audit Division
(54, Malaysian, Male)

Date of Appointment:
25 February 2015
Academic/Professional Qualification:
Master of Business Administration, CMIIA, CIA, CISA, CFE, CFSA, CRMA, CRISC, CGEIT

06 OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

44	Sustainability Statement
60	Corporate Governance Overview Statement
71	Audit Committee Report
74	Board Risk Committee Report
77	Statement on Risk Management and Internal Control
82	Directors' Responsibility Statement
83	Additional Compliance Information Disclosures





SUSTAINABILITY STATEMENT

INTRODUCTION

AEON Credit Service (M) Berhad continues to uphold the principles of governance and transparency in its business dealings, in line with the requirements of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Company's Sustainability Framework.

This Sustainability Statement ("Statement") is prepared in accordance with Global Reporting Initiative ("GRI") Standards: Core Option, the global standards for sustainability reporting. It highlights the Company's sustainability performance over the period from 1 March 2020 to 28 February 2021 as the Company navigates through the forces of an economic crisis stemming from an unexpected and also unprecedented pandemic.

The COVID-19 pandemic highlights the need for immediate actions to manage the adverse health and economic effects on vulnerable groups and set the stage for a sustained economic recovery. AEON Credit recognises customers' needs during these trying times and strives to assist them by providing responsible financing, which not only contains elements from economic sources and governance aspect but also includes a positive social impact for the customers.

Financial Inclusion and Responsible Financing as practiced by the Company includes participation in Credit Counselling and Debt Management Agency ("AKPK") initiative, empathising with the customers' financial concerns by offering ARP and payment holidays as part of the Company's commitment to assist customers during this difficult time.

"People" has always been part of AEON Basic Principle and the Company has always prioritised the safety and health of its employees, and even more so during the pandemic. In a bid to adhere to the Company principles and the Government requirements, the Company had placed several preventive measures to ensure the safety of both the customers and the employees.

AEON Credit is proud to state that the Company was able to maintain our workforce during this financial year, despite the challenges we had faced with the imposition of the MCO, and we are able to continue to support our business partners and customers.

The Company had also managed to chart progress in the areas of governance, proactive stakeholder engagement, awareness and management of material factors and innovative approaches to enhance customers' experience. The GRI Content Index is available on the Company's website under Sustainability section at <https://www.aeoncredit.com.my/aeon-corporate/sustainability> or scan the QR code below:



As the Company strongly believes in giving back to the communities that the Company operates in, the Statement also shares the Company's environmental stewardship and community initiatives as well as contribution to the community through the Company's corporate social responsibility activities.

"At AEON Credit, the challenging year has proven that we can remain steadfast in our management philosophy by continuously supporting our customers' lifestyles by enabling future opportunities through effective use of credit. Our short term focus was to provide financial relief, as well as to ensure the safety of both our customers and employees. Our medium and long term strategic focus remains unwavering in ensuring recovery and growth, by embarking on strategic asset quality enhancement, prudent cost management as well as leveraging on our extensive customer reach and segmentation."

NG ENG KIAT
CHAIRMAN

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

Tone at the Top [GRI 102-20]

It is a well acknowledged fact that the work culture of employees within the organisation is formed by the behavior of its leader. This 'tone at the top' initiative largely epitomises how AEON Credit governs and manages its business. The leaders at AEON Credit such as the Managing Director, Executive Director, Executive Officers and Senior Management team shoulder this important responsibility and thus have an intrinsic responsibility to shape the Environmental, Social and Governance ("ESG") landscape at AEON Credit.

ESG is essentially the three key factors needed in measuring the sustainability and societal impact in AEON Credit and better determine its business sustainability. Hence, the role these senior officials of the Company play are critical to AEON Credit's overall business sustainability and well-being of its operations.

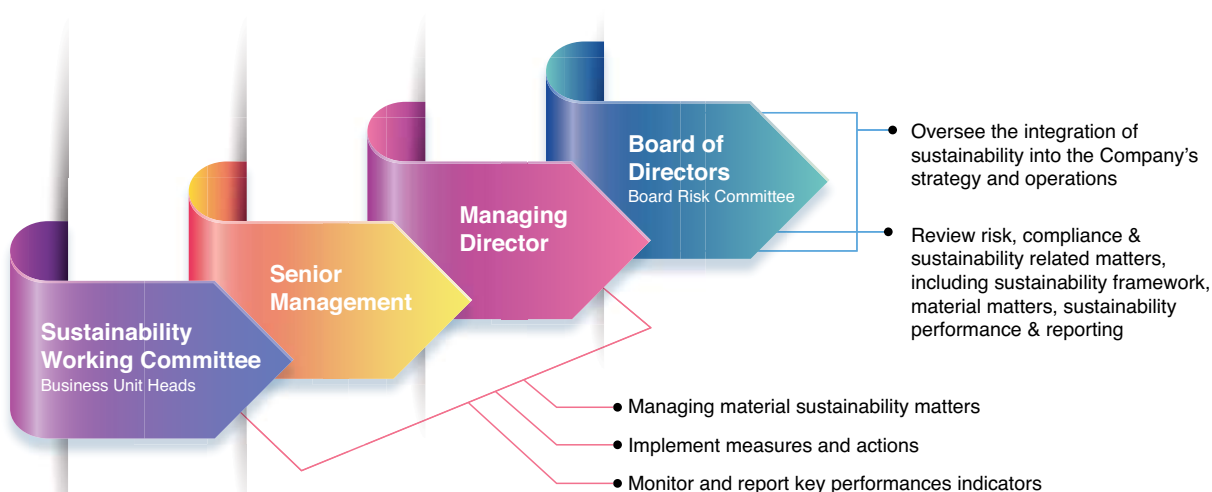
The spread of the COVID-19 pandemic nationwide presented an unprecedented challenge to the Company's operations. Ensuring the safety and well-being of AEON Credit's employees and customers is a critical part of Business Continuity Management ("BCM") plan. The Company has developed and updated relevant policies and procedures as a guide to minimise risk exposure and actively supported the employees to adjust to the new normal of work and customer engagement.

Sustainability Governance and Working Committee [GRI 102-32, 103-2, 103-3]

The Board recognises the importance of pursuing a business sustainability agenda and sets the tone to promote sustainability practices by balancing ESG aspects of the business in its decision making. To further strengthen governance, the Board Risk Committee ("BRC") now has an added role and responsibility in reviewing sustainability related matters including reviewing the overall sustainability plans, objectives and its performance.

Senior Management is responsible for driving the improvement and execution of the Company's overall sustainability framework, strategy and roadmap. The leadership team collectively plays an active role in ensuring that sustainability is part of AEON Credit's business approach and is embedded in the Company's daily operations.

The implementation of sustainability initiatives had commenced in FYE2020 with the formation of the Sustainability Working Committee ("the Committee"). The Committee comprises key management personnel from relevant business units in the Company, aims to support sustainability strategy development and embed sustainability management practices, based on understanding of potential sustainability impact from operations as well as risk and opportunities across the Company.



SUSTAINABILITY STATEMENT

STAKEHOLDER MANAGEMENT [GRI 102-21, 102-40, 102-42, 102-43, 102-44]

AEON Credit aspires to give back to the community in an effective and meaningful manner, thus requiring emphasis on engagement with various stakeholders for exchange of viewpoints on a regular basis.

The Company was able to reach out to the stakeholders through various communication channels to gain valuable insights on the requirements and perspective of the stakeholders on issues of concern, as set out in the table below:



Customers

Engagement activities

- Interactions
- Call center and complaints channel
- Customer advocate
- Social media
- External dispute resolutions

Issues of interest

- Customer service
- Feedback on products and services



Employees

Engagement activities

- Meetings
- Training programs
- Team meeting and exercises
- Employee Hotline
- Annual employee engagement survey

Issues of interest

- Culture, diversity and inclusion
- Health, safety and well-being
- Employee grievances
- Training & development



Government & Regulators

Engagement activities

- Briefings / Surveys
- Submission/proposals
- Commission and inquiries
- Financial institutions & associations

Issues of interest

- Compliance
- Innovation in financial services



Shareholders & Investors

Engagement activities

- Investor relations
- Annual General Meeting
- Quarterly reports, Integrated Annual Reports and media releases
- Surveys

Issues of interest

- Business strategy
- Financial performance
- ESG performance



Media

Engagement activities

- Press releases / interviews
- Annual General Meeting
- Corporate events
- Digital and social channels

Issues of interest

- Business strategy
- Financial performance
- ESG performance
- Conduct and culture



Business Partners

Engagement activities

- Merchant service
- Support channels
- Innovation programmes
- Business alliance and networking events

Issues of interest

- Business opportunities
- Business strategy
- Performance and compliance



Local Communities /NGOs

Engagement activities

- Community activities
- Sponsorship of events

Issues of interest

- Charitable donations
- Volunteering
- Social welfare
- Education and sports



Suppliers & Merchants

Engagement activities

- Event
- Meetings
- Networking interactions

Issues of interest

- Efficient and responsible procurement processes
- Transparency in procurement processes

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS [GRI 102-31, 102-47]

Material Sustainability Matters is a key concept related to sustainability strategies and reporting under the GRI Standards adopted by the Company.

The Company conducts an annual review of its Material Sustainability Matters, involving the Senior Management and the Sustainability Working Committee. The output of the review provides clarity concerning matters deemed to be material to the stakeholders.

The review exercise is a platform to identify potential opportunities that could provide an edge for improving Company's performance as well as challenges and risks currently faced or which may arise in the future, related to sustainability issues. At the same time, the review also facilitates benchmarking of sustainability initiatives of AEON Credit against its peers in the industry within and outside the country, and identification of areas for investment in sustainability efforts by the Company.

Material Sustainability Matters FYE2021

		Data Security, IT Infrastructure & Digital Transformation	
		Excellent Customer Experience, Support & Access	
		Financial Performance	
		Excellent Ethics, Governance, Risk & Compliance	
		Employee Health, Safety & Well-Being	
		Responsible Financing / Financial Inclusion	
		Talent & Development	
		Responsible Marketing, Product & Service Design	
		Efficient & Responsible Procurement Process	
		Environment Management	

Indicators:

Economic

Social

Environment

SUSTAINABILITY STATEMENT

Mapping the Material Sustainability Matters to Sustainable Development Goals [GRI 103-1]

The table below maps the Material Sustainability Matters related to relevant stakeholder group(s) against the relevant GRI Standard and to the corresponding Sustainable Development Goals ("SDGs").

Material Sustainability Matters	SDGs	GRI Standards
1 Data Security, IT Infrastructure & Digital Transformation	 	GRI 418 – Customer Privacy
2 Excellent Customer Experience, Support & Access		GRI 102 – General Disclosures GRI 417 – Marketing & Labelling
3 Financial Performance (Details of the Financial Performance can be found at page 94/section 7 in the Financial Statements)	 	GRI 103-1 Explanation of the material topic and its Boundary GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach GRI 201-1 Direct economic value generated and distributed
4 Excellent Ethics, Governance, Risk & Compliance	 	GRI 102 – General Disclosures GRI 205 – Anti-Corruption GRI 417 – Marketing & Labelling
5 Employee Health, Safety & Well-Being		GRI 102 – General Disclosures GRI 403 – Occupational Health & Safety GRI 405 – Diversity & Equal Opportunity
6 Responsible Financing/ Financial Inclusions	  	GRI 102 – General Disclosures
7 Talent & Development	  	GRI 102 – General Disclosures GRI 201 – Economic Performance GRI 401 – Employment GRI 404 – Training & Education
8 Responsible Marketing, Product & Service Design		GRI 204 – Procurement Practices
9 Efficient & Responsible Procurement Process		GRI 417 – Marketing & Labelling
10 Environmental Management		GRI 102 – General Disclosures GRI 301 – Materials GRI 302 – Energy GRI 306 – Waste GRI 304 – Biodiversity

SUSTAINABILITY STATEMENT

SUSTAINABILITY PILLARS

AEON Credit's sustainability pillars comprise the following:



1. CONDUCT AND TRUST [GRI 102-17]

AEON Credit places great importance in carrying on business in a responsible and ethical manner, complying with applicable laws and regulations and ensuring that staff at all ranks conduct themselves ethically, professionally and with integrity.

Financial Inclusion and Responsible Financing Practices

AEON Credit remains committed towards providing suitable, affordable and quality financial services to targeted customer segments, in line with the requirements of relevant regulatory bodies. The Company promotes inclusive finance where all segments of society have convenient access to suitable and affordable financial services in contributing towards equitable and sustainable growth. Such services provide opportunities for Malaysians, including from the lower income segment, to borrow for productive activities and enhance their lifestyle.

Products and services offered to the customers are aligned with the corporate values and are in compliance with regulatory requirements. Credit policies based on regulatory guidelines and the Company's risk appetite are in place to manage risk of default by customers on repayment commitments. Clear and concise product information is provided to customers to ensure important information and risk disclosures are highlighted. The employees are equipped with sound knowledge on product features and ethics to promote the products based on customer needs.

During FYE2021, AEON Credit empathise with the difficulties and hardships faced by customers due to the COVID-19 pandemic and its impact on the economy, businesses and consumers. To respond to the situation, the Company offered ARP and payment holidays to support the affected customers, especially the B40 segment. The Company also engages with affected customers to discuss and where appropriate propose a "debt restructuring" or "rescheduling" programme in order to facilitate their monthly repayment commitments. On the other hand, the customers also may seek advice from AKPK to manage their debts.

AEON Code of Conduct [GRI 102-17]

The AEON Code of Conduct ("CoC") serves to interpret AEON's basic principles, to communicate to employees what the Company believes in and the responsibility to earn stakeholders' confidence. AEON Credit's corporate philosophy and approach to business epitomises the CoC, in conducting operations with high integrity and fair dealings with all stakeholders.

The induction training sections and orientation programme for new employees includes the CoC as an important component, which is thereafter reinforced through annual CoC refresher training sessions aimed towards inculcating a strong sense of belonging at AEON Credit.

Anti-Bribery Management System [GRI 205-1, GRI 404-2]

The Company had implemented the Anti-Bribery Management System ("ABMS") compliant with the ISO 37001:2016 standard, to reinforce basic principles of AEON Credit on integrity and create an anti-bribery culture within the organisation since March 2020. The implementation also served to meet requirement for the Company to have adequate procedures in compliance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, which introduced a statutory corporate liability offence. The law now provides that a commercial organisation commits an offence if any person associated with the commercial organisation commits a corrupt act in order to obtain or retain business or an advantage in the conduct of business for the commercial organisation.

AEON Credit's implementation of the ABMS motivates employees to carry out their duties conscientiously and mitigates risk of corrupt activities or actions. A Corruption Risk Assessment was conducted in June 2020 to identify risks and assess adequacy of controls in place, with the aim of strengthening existing Company policies and procedures. The Anti-Bribery Policy of AEON Credit has been approved by the Board and subsequently communicated internally to all employees as well as externally to business associates and other stakeholders through various communication channels, including the corporate website. The Anti-Bribery Policy is available on the Company's website under Corporate Policies section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-policies> or scan the QR code below:



The adoption of anti-bribery culture in business operations and familiarisation with ABMS procedures as well as whistle blowing channels was facilitated by various training sessions held for the Board, Senior Management and employees at all levels within AEON Credit. The multifaceted training and awareness initiatives include classroom training, e-learning, posters, bulletins, commitment to anti-bribery pledge across the organisation and anti-bribery campaign to raise awareness amongst the employees as well as relevant stakeholders.

SUSTAINABILITY STATEMENT

Total number of employees attended
Anti-Corruption Training

3,216

Management

9%

Non-Management

91%

During FYE2021, there was no reported case of corrupt act by any employee of AEON Credit. Meanwhile, pursuant to disclosure requirements under GRI Standards, AEON Credit confirms that no political contributions were made directly or indirectly by the Company in FYE2021.

Corruption cases reported in FYE2021	Nil
Political contributions made in FYE2021	Nil

Customer Data Protection [GRI 418-1, 404-2]

The fundamental importance of integrity of systems and processes along with confidentiality of information in business operations have always been recognised by AEON Credit. The Company's commitment towards assurance of quality in providing services to customers and ensuring the confidentiality, integrity and availability of critical information has been incorporated in the Company's Integrated Management Systems ("IMS") Policy.

The Personal Data Protection Act 2010 ("PDPA") and secrecy provisions under the Financial Services Act 2013 govern customer data management policies of AEON Credit. The Company has obtained certification under the ISO/IEC 27001:2013 Information Security Management System standard, thus providing assurance to both internal and external stakeholders on the Company's information security management and risk mitigation on unauthorised disclosure, misuse or loss of information.

Training and awareness programmes are regularly conducted to drive employees' understanding of the policies and processes in place to manage the handling and storage of customer and business information at every stage of the information lifecycle, as well as process for reporting security breaches.

Total number of customer complaints reported in FYE2021	13*	Reprimand or penalty from Personal Data Protection Commissioner	Nil
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**All complaints were resolved within 14 days with no recurring complaints or queries from the customers*

Business Continuity Management and Cyber Security

To ensure the continuity of critical business functions and essential services, AEON Credit has in place policies, processes and systems under the Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") to respond to a range of unexpected disruptions.

A dedicated back-up site with required infrastructure and services for back-up operations under the BCP has been established by the Company outside the Klang Valley. Critical back-up and recovery servers for IT systems are located away from the Head Office at a third party site with adequate infrastructure and services.

During the COVID-19 pandemic in early 2020, AEON Credit was able to expand BCP scenarios to enable employees in less critical and oversight functions to work from home, with remote access to the Company's IT systems and servers using virtual private network ("VPN") technology for secure access.

The Crisis Management Team ("CMT") was activated to coordinate overall business responses to the COVID-19 crisis. The CMT coordinated strategic and operational responses to ensure smooth business continuity, processes and procedures, to keep the employees safe and ensured clear and timely communications to all stakeholders on the Company's responses to the pandemic. The CMT meetings were held on weekly basis and more frequent as and when necessary since March 2020.

Meanwhile, with increase in usage of online and digital platforms for service delivery and communications, AEON Credit recognises the need for an effective cyber security framework and effective practices that are both technologically innovative and resilient to cyber threats.

To evaluate the effectiveness of security measures and cyber threat mitigation plans, the Company conducted a Cyber Crisis Simulation Exercise to test our readiness to respond to cyber-attack scenarios that are most likely to impact the Company. The Company has implemented adequate measures to address ever-evolving cyber security threats, and towards ensuring integrity and availability of services as well as customer and business data protection. The Company continues to enhance its information technology and resiliency capabilities by putting in place further cyber security controls.

Compliance [GRI 417-2, GRI 417-3]

The BRC comprises Independent Directors, and plays a key role in oversight of compliance and risk management functions as well as sustainability and other governance related matters in AEON Credit. The Board has approved a Compliance Framework which governs the processes that drive compliance across operations, including compliance monitoring mechanisms embedded within business processes. Company-wide training and awareness activities were conducted annually to reinforce accountability and ownership of compliance processes across business units.

SUSTAINABILITY STATEMENT

The Corporate Governance and Risk Management Department worked in tandem with business units in monitoring and managing compliance risks, conducting periodic review of related policies and internal controls. For FYE2021, a summary of compliance activities is stated below:

No.	Rules & Regulatory Requirement	Non-compliance Incident
1.	Bursa Malaysia Main Market Listing Requirements	Nil
2.	Bank Negara Malaysia Policy Documents	Nil
3.	Kementerian Perdagangan Dalam Negeri & Hal Ehwal Pengguna ("KPDNHEP")	Nil
4.	Kementerian Perumahan & Kerajaan Tempatan ("KPKT")	Nil

Whistle Blowing Channels [GRI 102-17]

In line with the accepted norms of corporate safeguards against wrongdoing or risky or unethical behaviour, AEON Credit has long instituted a whistle blowing channel under the Company's Code of Conduct, known as the AEON Hotline. Using this hotline, employees can draw attention to genuine concerns on any illegal or unethical practice, financial fraud, irregularity or breach of regulations; anonymously or otherwise and without fear of reprisals.

In case any business partner, customer, other stakeholder or member of the public has knowledge of any irregularity or improper conduct, reporting via email can be made to the Senior Independent Director at eSID@aeoncredit.com.my. Thereafter, investigations shall be carried out in a confidential manner and further action will be taken, where necessary.

In FYE2021, the Company has established an additional whistle blowing channel called Legal Attorney Hotline. This whistle blowing channel acts as a platform for all employees including business partners to report any misconduct (including violations of laws and internal policies) by the Senior Management Team (Senior General Manager and above) direct to AEON Group Japan. The report shall be addressed to report_aeonglobal@yglpc.com.

Procurement Practices [GRI 204]

Proportion of Spending on Local Suppliers [GRI 204-1]

In FYE2021, of the total procurement made by the Company amounted to RM329 million, 89% or RM293 million were sourced from local suppliers and the balance from overseas suppliers.

2. CUSTOMER EXPERIENCE

Customer experience is essentially a customer's holistic perception of personal experience in using a product or service. It encompasses every process, every interaction with AEON Credit, from navigating the website and applying for a product to engaging with customer service personnel and performing transactions.

Service Convenience and Customer Feedback [GRI 417-1, 404-2]

AEON Credit places strong emphasis on a two-way relationship with customers and values customer feedback in relation to products offered and services rendered. Such feedback is valuable towards further improvement in service quality and enhancement of customer satisfaction.

The Company provides various channels for customers to reach out for enquiry or feedback via the following:




AEON Credit's Customer Touch Points		
1.	Live chat	In FYE2021, all complaints received through the Company's touch points were resolved within the committed turnaround time.
2.	Website online feedback form	
3.	Email	
4.	Telephone calls	
5.	Walk-in to AEON Credit branch	

Customer Service Focus

AEON Credit is committed to maintaining high standards of customer service aligned with ISO 9001:2015 Quality Management System standard certification obtained by the Company, governing assurance on product and service quality, as well as continual improvement under the IMS Policy.

Employees are constantly reminded to engage with customers in a conscientious and courteous manner when handling issues, and to seek appropriate resolution in the shortest possible time. The customer service programmes and initiatives carried out in FYE2021 towards promoting excellent customer service included the following:

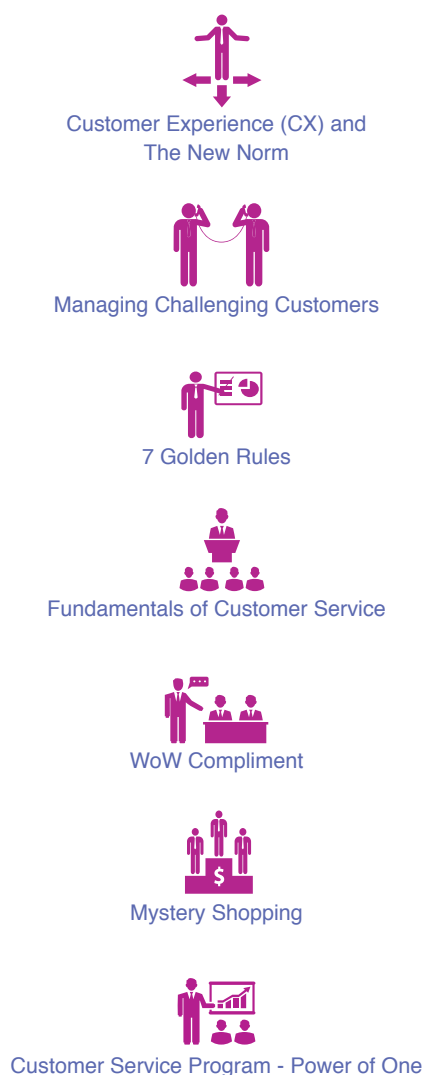
WOW Compliment Programme FYE2021

	No. of Awards Won (FYE2020)	No. of Awards Won (FYE2021)
 Gold Achievers	15	27
 Silver Achievers	81	74
 Bronze Achievers	265	154

SUSTAINABILITY STATEMENT

Mandatory training on customer management and customer service is provided by AEON Credit to all new recruits in frontline roles who need to interact with customers and business partners. In addition, the Company conducts other soft skills training regularly for both existing employees and new hires. List of training programmes for FYE2021 is as per table below:

AEON Credit Customer Service Training



3. DIGITAL PRODUCT AND SERVICE TRANSFORMATION

The financial services sector is undergoing continuous transformation, with digitalisation and automation of operations becoming industry norms. Over the past decade, the combination of technological innovations and shift in consumer preferences has had a transformative impact across all industries globally. For FYE2021, the Company's digital transformation journey is continued with the introduction of e-application for all products and e-KYC to enhance customer experience as well as Robotic Processing Automation to enhance operation efficiency in order to provide greater convenience and simplicity of processes.

Value Chain Transformation

The Company continues its transformation journey with digital onboarding projects to provide seamless user experience, improve turnaround time and operational efficiency as well as attract and create new customer demand. In response to this, the Company emphasises on building and strengthening the digital team through improvement in digital skills, access to tools and digital learning to help employees upskill and acquire the skills needed in order to accelerate the digitalisation projects in the Company. Every project requires thorough study, appropriate approval and close monitoring to ensure the project progresses according to the scheduled timeline.

Innovation of Electronic-Know-Your-Customer ("e-KYC")

The e-KYC function was introduced to provide a more seamless application for the Company financing products such as Motorcycle Finance, Auto Finance and Objective Finance. It is an important feature to enable the authentication of an applicant's identity solely via digital means. For FYE2021, the Company had improved its application processing turnaround time utilising this tool for new application processing. e-KYC was one of the tools for digital transformation which enabled the Company to digitalise the end-to-end process from application to disbursement and improve the operation efficiency effectively.

For the upcoming FYE2022, the Company plans to further improve our Customer Identity Authentication by extending the e-KYC function to the on-boarding process of other products. The expanded implementation of e-KYC function to all other products will certainly improve the overall operation efficiency and achieve cost savings for the Company.

4. EMPLOYEE HEALTH, SAFETY & WELL-BEING

Occupational Health & Safety Management System [GRI 403-1, 403-2, 403-3, 403-4, 403-6]

AEON Credit recognises the strategic importance of maintaining safety at workplace and having a healthy workforce, in terms of increased efficiency in operations, reduced medical and insurance costs and improved reputation as an employer of choice.

SUSTAINABILITY STATEMENT

The Company's Occupational Safety and Health ("OSH") Policy reaffirms commitment of AEON Credit to provide a safe and conducive working environment for all employees and safeguard customers and visitors from potential hazards caused by the Company's business activities.

The Company has a safety and health committee with representatives from different functions, roles and locations in the organisation. The Company's Emergency Response, Safety & Health and Housekeeping Guidelines ("ERSH") Committee is chaired by the Managing Director, where its main responsibilities are to formulate and review the occupational safety and health policy of the Company, with reference to the Occupational Safety and Health Act 1994.

A thorough guideline on hazard identification and risk assessment is outlined for implementation in the ERS document. The Company also endeavours to provide a safe and conducive working environment for all its employees as well as undertakes to protect the customers and visitors from potential danger caused by any of its business activities.

Regular audit by both internal and external auditors are performed for incident investigation, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.

Employees Training on Occupational Health and Safety [GRI 403-5, 404-2]

The Company provides and runs occupational health and safety training for its employees, including generic training, training on specific work-related hazards, hazardous activities and hazardous situations.

Office Emergency and Safety briefings are also mandatory for new joiners, which are run concurrently with their induction program. All appointed Fire Marshals are given training on Essential First Aid and Fire Marshal Refresher Course on periodic basis. Unfortunately, some of the physical and face-to face training were affected by the COVID-19 pandemic.

Employees Covered by an Occupational Health and Safety Management System [GRI 403-8]

In FYE2021, there were a total of 330 or 9.3% personnel who are not employees of AEON Credit but their work and/or workplace were controlled by AEON Credit. These personnel include vendors, agency workers, contractors, volunteers, individual and self-employed persons and were covered under the Occupational Health and Safety Management System of the Company.

Workforce Diversity [GRI 102-8, 401-1, 404 -1, 404-2, 405-1]

AEON Credit's approach towards diversity is anchored on due regard, fairness and inclusion. In line with the AEON CoC, the Company respects the rights of every individual and fosters diversity and inclusivity towards the aim of building a harmonious, dynamic and strong workforce.

The Company recognises that diversified talent is necessary to innovate and compete in a rapidly changing business landscape. By promoting inclusivity and equality in the workplace, employees will be happier and more comfortable in their work environment. Thus, creating a diverse work force can contribute to increased retention, motivation and productivity as well as contribute to responsiveness of AEON Credit to an increasingly diverse customer base and expand the creativity of the organisation overall.

The Company's total staff strength as at 28 February 2021 comprised 3,216 employees with 2,088 female employees (65%) and 1,128 male employees (35%). With a 42% female representation at management level, AEON Credit recognises the importance of women in leadership positions, effectively supporting decision making and business performance of the Company. Meanwhile, breakdown of employees by age group is set out below:

Age Group		
Below 30	1,091	34%
30 - 50	2,089	65%
Above 50	36	1%
TOTAL	3,216	100%

Despite the challenging year, AEON Credit has managed to retain its total number of employees, without necessitating any retrenchment or retirement packages. Voluntary resignations or attrition rate for FYE2021 reduced to 14% compared to FYE2020 (18%).

AEON Credit managed to clock total employee training hours of 7,137 hours, of which 59% or 4,219 hours were recorded for female employees and 41% or 2,918 hours for male employees. Breakdown of the average training hours by employee category is as per table below:

Average Training Hours by Employee Category

Top Management	17
Middle Management	9
Executive	2
Non-executive	4

<div>MANAGING DIRECTOR</div> <div><div>Training Hours</div><div>22</div></div> <div><div>Local Head Count</div><div>nil</div></div> <div><div>Expatriate</div><div>1</div></div>	<div>EXECUTIVE OFFICER & SENIOR GENERAL MANAGER</div> <div><div>Training Hours</div><div>163</div></div> <div><div>Local Head Count</div><div>8</div></div> <div><div>Expatriate</div><div>nil</div></div>	<div>GENERAL MANAGER</div> <div><div>Training Hours</div><div>334</div></div> <div><div>Local Head Count</div><div>14</div></div> <div><div>Expatriate</div><div>4</div></div>	
<div>SENIOR MANAGER</div> <div><div>Training Hours</div><div>1,132</div></div> <div><div>Local Head Count</div><div>66</div></div> <div><div>Expatriate</div><div>2</div></div>	<div>MANAGER</div> <div><div>Training Hours</div><div>1,265</div></div> <div><div>Local Head Count</div><div>104</div></div> <div><div>Expatriate</div><div>nil</div></div>	<div>ASSISTANT MANAGER</div> <div><div>Training Hours</div><div>849</div></div> <div><div>Local Head Count</div><div>140</div></div> <div><div>Expatriate</div><div>1</div></div>	<div>SENIOR EXECUTIVE</div> <div><div>Training Hours</div><div>628</div></div> <div><div>Local Head Count</div><div>474</div></div> <div><div>Expatriate</div><div>4</div></div>
<div>EXECUTIVE</div> <div><div>Training Hours</div><div>2,185</div></div> <div><div>Local Head Count</div><div>1,876</div></div> <div><div>Expatriate</div><div>nil</div></div>	<div>JUNIOR EXECUTIVE</div> <div><div>Training Hours</div><div>418</div></div> <div><div>Local Head Count</div><div>488</div></div> <div><div>Expatriate</div><div>nil</div></div>	<div>CLERK</div> <div><div>Training Hours</div><div>139</div></div> <div><div>Local Head Count</div><div>28</div></div> <div><div>Expatriate</div><div>nil</div></div>	<div>NON-CLERICAL</div> <div><div>Training Hours</div><div>2</div></div> <div><div>Local Head Count</div><div>6</div></div> <div><div>Expatriate</div><div>nil</div></div>

AEON Credit is committed to offering competitive remuneration and benefits scheme to its employees, benchmarked periodically against market statistics, for both financial services and non-financial services industry sectors. The Company's remuneration and benefits' policies and practices have enabled recruitment of required talent for the Company while maintaining staff turnover rate at relatively low levels. Processes are in place for annual review of salaries and allowances.

Employment benefits provided by the Company to employees adhere to laws governing Human Resource. In addition to medical, optical and dental benefits, the Company also provides Group Term Life and Group Hospitalisation & Surgical insurance cover to employees as additional benefits, covering permanent disability or death as well as numerous types of illnesses. Based on an employee's length of service, AEON Credit also provides contribution to Employees' Provident Fund ("EPF") exceeding the statutory contribution rate, with the aim of increasing retirement savings of employees. The Company also provides options on flexible working hours to assist employees to balance their work, family and personal obligations.

Response	Percentage
Strongly agree	84%
Agree	13%
Disagree	1.50%
Strongly disagree	0.80%
Don't know	0.70%





SUSTAINABILITY STATEMENT

Employee Engagement [GRI 404-3]

The Company recognises the importance of communication at the workplace and constantly provide two-way communication channels for employees, to create positive work environment. Due to COVID-19 challenges, the Company limits physical gathering and encourages usage of virtual platforms for discussions and meetings as part of the Company's preventive measures to curb the spread of COVID-19. Employee engagement channels are summarised as follows:

Report	Frequency
 Monthly Morning Assembly Report	Monthly
 ACSM Spotlight e-Newsletter	Bi-Monthly
 Special Bulletin on COVID-19 Management	Special edition to provide information to employee on COVID-19
 Employee Support Programme	On-going
 Employee Suggestion Programme	Quarterly

Employee Suggestion Programme is a programme established to encourage employee to contribute constructive ideas for operational improvements in the Company. The inputs provided by the employees will be later reviewed by the Management before being implemented. The areas of suggestion include cost savings, process improvements, productivity, morale enhancement and revenue generation.

In FYE2021, the Company also established AEON Credit's Employee Support Programme, a dedicated platform to attend to employee queries and grievances related to COVID-19 pandemic.

AEON Credit has in place a structured performance evaluation system incorporating target setting and performance assessment on an annual basis, with involvement from both, the employee and his/her superiors, with processes in place for face-to-face interaction, feedback, performance review and career development review. Employees are also able to provide feedback to the Company on areas of concern at the workplace through participation in an annual climate survey to identify needs of employees, grievances and areas where improvements are required.

Based on the interaction and feedback obtained, AEON Credit will have a clearer view on the needs and expectations of employees, thus facilitating appropriate action, support or guidance when required. This would result in improvement in employee engagement in terms of level of enthusiasm and dedication.

Recognising exemplary performance and contributions by employees is important in order for any organisation to succeed. AEON Credit recognises service excellence and employee loyalty annually through various awards such as Excellent Service Awards, Meritorious Service Awards and Long Service Awards.

The Company will continue to review its compensation and benefits policies whilst also providing appropriate platform for the recognition of employee contribution to ensure that its employees continue to enjoy competitive remuneration, recognition and positive working environment in the Company.

COVID-19 Preventive Measures

Across our operations, AEON Credit complies with the Ministry of Health ("MOH") and National Security Council ("NSC") pandemic guidelines and Standard Operating Procedures ("SOP") and instituted Frequently Asked Questions ("FAQ") to guide the employees and operationalise the SOP. Employees are allowed to work from home ("WFH") where their job functions permit. A strict compliance to SOP is enforced when employees are required to work from the office. As a provider of essential services, the Company instituted split operations for critical business units through relocation of employees as a counter measure to reduce risk exposure amongst them.



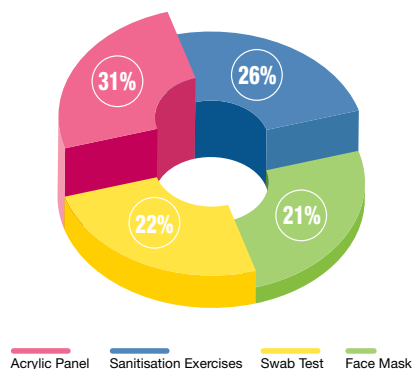
Employees (including their family members) are required to declare their health status on daily basis including weekends and public holidays to ensure timely response is made and to mitigate any spread among colleagues. The COVID-19 FAQ provides explanation on case definition, common symptoms, preventive measures, high risk category, quarantine leave, swab test and procedures upon detection of COVID-19 cases. In addition, the Company has also appointed three (3) counsellors amongst the staff to attend to any queries and grievances in relation to the pandemic.

SUSTAINABILITY STATEMENT

COVID-19 Preventive Measures

1.	Work from home if the job roles permit
2.	Zigzag seating arrangements
3.	Mandatory registration in MySejahtera application to facilitate contact tracing
4.	Temperature scanning at all entry points
5.	Wearing face mask at all times
6.	Maintaining physical distancing
7.	Face-to-face meetings replaced with online meetings
8.	No external visitors in AEON Credit premise without prior approval
9.	Adherence to travel restrictions and quarantine requirements
10.	Daily health declaration
11.	Wash or sanitise hands frequently
12.	Avoid crowded places and physical gatherings

COVID-19 Related Expenses in FYE2021: RM2.45 million



5. ENVIRONMENTAL STEWARDSHIP

Global warming has been recognised as the greatest threat to human health in history. Thus, it is imperative that businesses of all sizes take effective action to reduce their "carbon footprint", representing the total amount of greenhouse gases produced directly and indirectly from business operations, for both humanitarian and business reasons.

Environmental Conservation [GRI 302-1]

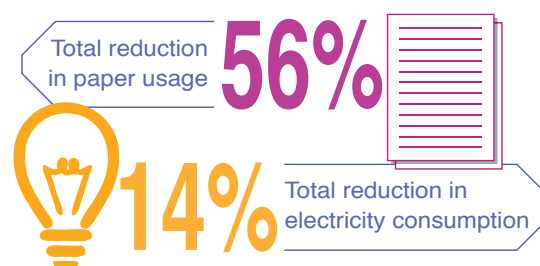
Despite intense planning and preparation for activities in furtherance of these initiatives, major constraints and challenges were faced during the COVID-19 pandemic in FYE2021. As a consequence, all physical engagement with stakeholders and business partners, including events, conservation fieldwork and activities were halted.

Environmental Management System [GRI 302]

AEON Credit has obtained certification under the Environmental Management System ("EMS") (ISO 14001:2015) standard, covering the Company's processes and practices aimed at reducing environmental impact from operations. The ("EMS") certification also governs areas such as the Company's waste management practices for collecting, recycling and disposal of waste appropriately by licensed vendors with notification submitted to the Department of Environment.

Responsible Consumption [GRI 301-1]

The Company's digital transformation through utilisation of online channels for service delivery and automated operations, as well as prudent usage of paper coupled with WFH arrangement resulted in a significant reduction in paper usage and electricity consumption in FYE2021.

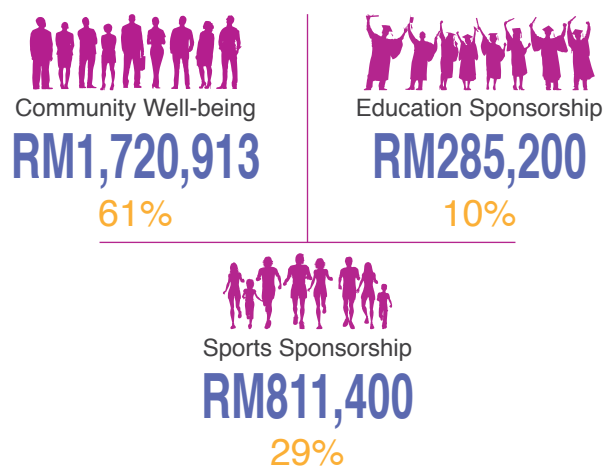


6. CONTRIBUTING TO COMMUNITIES [GRI 413]

Engagement with local communities [GRI 413-1]

The Company takes great pride in giving back to the community as a continuous support to Malaysians, in the areas of well-being, sports and health. At AEON Credit, such concept is embodied in AEON's Basic Principle to set an example as a good corporate citizen, responding to the needs of the local community and working together with the community for its growth and the improvement of quality of life. The Company believes that it is able to make meaningful contribution to the lives of the community in these three (3) areas, spanning age groups and demographics.

Total Contributions in FYE2021: RM2.82 million



Despite the challenges posed by the pandemic including travel restrictions, the Company continues to support the community either through direct contributions or collaboration with Malaysian AEON Foundation ("MAF").

Some of the initiatives that the Company had conducted to aid the community and those affected during the FYE2021 can be summarised as below:

SUSTAINABILITY STATEMENT



Donation to Medical Frontliners

April 2020: MAF donated a total of 2,000 homeware boxes containing food and hygiene items and 300 foldable chairs, amounting to RM157,160 to Medical Frontliners at 4 hospitals in Malaysia (Hospital Kuala Lumpur, Hospital Ampang, Hospital Melaka and Hospital Seremban).



Festive Season Donations

April 2020: AEON Credit provided 6,000 bottles of drinking water to Security Frontliners for Ramadan at 6 District Police Offices and 1,800 foodpacks for Medical Frontliners at Hospital Kuala Lumpur, amounting to RM8,408.



Livelihood Assistance

May 2020: Due to the high rate of unemployment in the country as a result of the MCO, MAF provided motorcycle ownership and employment opportunities as AEON Rider with AEON Malaysia to 300 Malaysians affected, amounting to RM1.06 million. The AEON Rider Programme, was partially funded through the Berkat Ramadhan Programme by AEON Retail Malaysia.



SUSTAINABILITY STATEMENT



May and November 2020: During festive seasons, MAF made cashless contributions to 728 underprivileged families under the Mesra Ramadan Programme and 429 underprivileged families under the Mesra Deepavali Programme through AEON Member Plus Visa Card (RM300 reloads) amounting to RM347,100.



December 2020: MAF contributed Christmas gifts and new attires to 523 kids from 14 charity homes in Malaysia, under the Mesra Christmas Programme amounting to RM95,938.



Natural Disaster Relief

November 2020 and January 2021: MAF provided Flood Disaster Relief at Mambau, Negeri Sembilan, Hulu Langat, Selangor and Temerloh, Pahang for a total of 675 affected families (7 relief centers) with essential food items and personal hygiene care, worth a total of RM56,813.

SUSTAINABILITY STATEMENT

AEON Credit Service Yamaha NVX Challenge

With the objective of raising awareness on motorcycle financing, AEON Credit has been collaborating with Hong Leong Yamaha Motor for the sponsorship of the NVX Challenge in Malaysian Cub Prix Championship since 2019. This collaboration is also aimed at nurturing the nation's promising talents among the youth to be involved in motorsports and subsequently gear them up to represent the country in the global arena.



AEON Credit Service Yamaha NVX Challenge

AEON Credit Sponsorship Benefited

72
young riders



Total Sponsorship
RM180,000

Ampang Jaya Badminton Club Junior Badminton Development Programme



AEON Credit continues to support the local junior badminton scene by entering its 5th year investment in Ampang Jaya Badminton Club ("AJBC") for the Junior Badminton Development Programme. In total, RM1 million has been contributed including RM200,000 in FYE2021 to support the programmes to unearth badminton talents especially those aged below 18 years old. Pursuant to this, four (4) badminton players from this programme are now employed by the Company since 3 August 2020 to give the players an opportunity to build their career not only in court but also off-court.

AJBC Junior Badminton Development Programme (2018-2021)



RM1 million
in 5 years
RM200,000
in FYE2021

AEON Credit Purple League Junior 2019 – 2022 Sponsorship Programme

AEON Credit in its second year of sponsorship, benefited a total of 404 players between the ages of 15 and 19 from 42 badminton clubs across the country, who participated in the tournament where a total of ten (10) events were contested. This edition also received a boost where the runners up, semi-finalists and overall champion teams participate in an intensive training course hosted by the Badminton Association of Malaysia for two (2) weeks. To date, a total of RM1 million has been contributed with the hope that young and talented badminton players will have an avenue to showcase their talent professionally in the future.



AEON Credit Sponsorship Benefited

Participants Age Group

93
Under-15 years old
262
Under-18 years old
49
Above-18 years old



404
No. of participants

Breakdown by gender

Male **269**
Female **135**



No. of participating clubs nationwide
42



CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) OF AEON CREDIT PRESENTS THIS STATEMENT TO PROVIDE SHAREHOLDERS AND INVESTORS WITH AN OVERVIEW OF THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY, UNDER THE LEADERSHIP OF THE BOARD DURING THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (“FYE2021”). THIS OVERVIEW TAKES GUIDANCE FROM THE KEY CORPORATE GOVERNANCE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (“MCCG”).

The Corporate Governance Overview Statement (“CG Overview Statement”) is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guidance was drawn from Practice Note 9 of Bursa Securities’ Listing Requirements and the Corporate Governance Guide (“3rd Edition”) issued by Bursa Securities. It should be read together with the Corporate Governance Report (“CG Report”) prepared based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR, so as to provide a detailed articulation on the application of the Company’s corporate governance practices vis-à-vis the MCCG.

This CG Overview Statement provides shareholders and other stakeholders with an overview of how the Company has applied the three (3) Key Principles of the MCCG during the FYE2021:

- i. Board leadership and effectiveness;
- ii. Effective audit and risk management; and
- iii. Integrity in corporate reporting and meaningful relationship with stakeholders.

This overview statement serves to provide stakeholders with an understanding of the Company’s commitment to corporate governance and how the Company’s corporate governance practices support its ability to create long-term value for stakeholders. It is to be read in conjunction with the CG Report which is available on the Company’s website under CG Report section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



The Board recognises the importance of maintaining a high standard of corporate governance practices within the Company and devotes considerable effort and resources to identify and formalise best practices. Good corporate governance is crucial to sustain the Company in the long-run, especially due to the constant changes in regulatory and market environment.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities and Demarcation of Authority

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Company and supervises the management. It also ensures that good corporate governance policies and practices are implemented within the Company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, in the best interest of the Company and its shareholders. Generally, principal roles and responsibilities of the Board encompass the following:

- i. Approve business plans, risk appetite, and other initiatives that has a material impact on the Company’s risk profile;
- ii. Oversee the implementation of the Company’s governance and internal control framework, periodically review them to ensure it remains relevant and consistent, in light of material changes to the size, nature and complexity of the Company’s operations;
- iii. Promote, together with Senior Management, a sound corporate culture within the Company which reinforces integrity, ethical and professional behaviour;
- iv. Promote sustainability through appropriate environmental, social and governance considerations in the Company’s business strategies;
- v. Oversee and approve the recovery, resolution and business continuity plans for the Company to restore its financial strength, maintain or preserve critical operations and critical services when it comes under stress; and
- vi. Promote timely and effective communication between the Company and shareholders/regulators on matters affecting or that may affect the safety and soundness of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

In discharging its roles and responsibilities, the Board is guided by a Board Charter, which sets out the principal role of the Boards, the demarcation of the roles, responsibilities and powers of the Board as well as the matters that the Board may delegate to the Board Committees and the Management. The Board Charter and Terms of Reference ("TOR") are subject to periodically review to conform to the following requirements, statutory provisions, guidelines, principles and best practices:

- ◇ Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad;
- ◇ Bank Negara Malaysia Policy Documents;
- ◇ Companies Act 2016;
- ◇ Malaysian Code on Corporate Governance; and
- ◇ Malaysian Anti-Corruption Commission Act 2009.

The Board Charter is accessible on the Company's website under Board Charter section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



The Board delegates responsibility for the day-to-day operations of the business to the Managing Director ("MD") who is assisted by the Executive Director(s), Executive Officers and Senior Management, recognising their responsibility to ensure that the Company operates within a framework of prudent and effective controls. On the other hand, the Management provides the Board and the Board Committees with sufficient information and materials in a timely manner to enable the Directors to discharge their duties and responsibilities effectively.

The roles and responsibilities of the Chairman and MD are distinctive and have been clearly segregated to further enhance and preserve a balance of authority and accountability, to avoid unfettered powers of decision making. The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensures effectiveness of the Board and manages the interface between the Board and Management. The MD ensures effective implementation of the Company's strategic plans, policies and decisions approved by the Board. The MD is also responsible for leading, managing the overall operations and making business decisions for the Company, with the support of the Senior Management team, within a set of authorities delegated by the Board. Various powers are further delegated to the Management team based on the Company's Authority Matrix, which is also subject to periodic review based on changes in the organisation structure and business requirements for efficient and effective decision making.

Board Meetings and Access to Information

Prior to any Board or Board Committee meetings, a formal and structured agenda is forwarded to all Directors in advance. This is to enable the Directors to have sufficient time to review, consider and if necessary, obtain further information on the matters to be deliberated. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions are required to be made. Relevant Senior Management is invited to attend Board/Board Committee meetings to provide detailed explanations and clarifications on the proposals tabled and to enable the Board/Board Committees to make informed decisions.

Board Meetings are generally held on a monthly basis, to facilitate regular and current oversight, review financial and business performance of the Company, review key areas for risk management and address other matters arising or requiring Board decision.

Procedures are in place for the Board or Board members to seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

All Board members have unrestricted access to the advice and services of the appointed Company Secretaries, who have commensurate experience and are qualified persons as they are also members of the Malaysian Institute of Chartered Secretaries and Administrators. The Directors are regularly updated and advised by the Senior Management team on the overall compliance requirements, adherence to regulatory guidelines, statutory requirements, their impact as well as implications to the Company and its Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FYE2021, the Board met thirteen (13) times where it deliberated and considered various matters including financial results, operations performance, potential investments, strategic decisions, risk management and other matters requiring the Board's decision. All proceedings of the Board meetings are minuted and circulated to the Board members in advance of the next Board meeting including the follow up action items that are duly updated. Where necessary, decisions of the Board are also made by way of circular resolutions in between scheduled Board meetings. During Board meetings, the Chairmen of Audit Committee ("AC"), Board Risk Committee ("BRC"), Nominating Committee ("NC") and Remuneration Committee ("RC") will brief the Board on the salient matters, recommendations, significant issues, risk matters and findings which require the Board's attention, approval and direction.

The details of Directors' attendance at the Board meetings are as follows:

Name of Director	Designation/Directorate	Attendance
Ng Eng Kiat	Chairman/Non-Independent Non-Executive Director	13/13
Yuro Kisaka	Managing Director	13/13
Dato' Md Kamal Bin Ismaun	Non-Independent Non-Executive Director	13/13
Tomokatsu Yoshitoshi	Independent Non-Executive Director	13/13
S Sunthara Moorthy A/L S Subramaniam	Independent Non-Executive Director	13/13
Datuk Adinan Bin Maning	Senior Independent Non-Executive Director	12/13 ⁽¹⁾
Datin Khoo Pek Ling	Independent Non-Executive Director	13/13
Datin Yasmin Ahmad Merican	Independent Non-Executive Director	13/13
Rashidah Binti Abu Bakar	Independent Non-Executive Director	13/13
Masaaki Mangetsu	Non-Independent Non-Executive Director	12/13 ⁽²⁾
Lee Tyan Jen	Executive Director	13/13

(1) Unable to attend 1 meeting due to medical reason. ~ (2) Unable to attend 1 meeting due to an oversea engagement.

Board Composition, Balance and Diversity

The Board is committed in ensuring diversity and inclusiveness in its composition based on the following areas of skills, background, knowledge, international and industry experience, culture, independence, age, ethnicity, gender and any other factors which the Board thinks fit. Sourcing of the right Board members is a priority and will always be conducted in accordance to Board's Corporate Governance agenda in order to achieve the right diversity in the Board. The Board believes that a diverse Board would have a positive value-add impact on the Company and the ability to offer in-depth deliberations during the meetings, leveraging on differences in perspectives, industry experience, knowledge and skills.

The Board currently consists of eleven (11) members, comprising the Chairman who is a Non-Independent Non-Executive Director, six (6) Independent Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors, including the MD.

The present size and composition of the Board has proven to be optimum and well balanced, whilst bringing experience from diverse professional backgrounds and disciplines, primarily in accounting, finance, legal, strategic management, government affairs, business management, marketing and corporate realms. Further, Board diversity shall also equip the Company to face challenges in an ever changing environment in terms of technology, consumer preferences, business strategies and operating models as well as business risk environment. There is no individual Director or group of Directors who dominate the Board's decision-making. A summary of the Board composition as at the date of this CG Overview Statement is set out below:

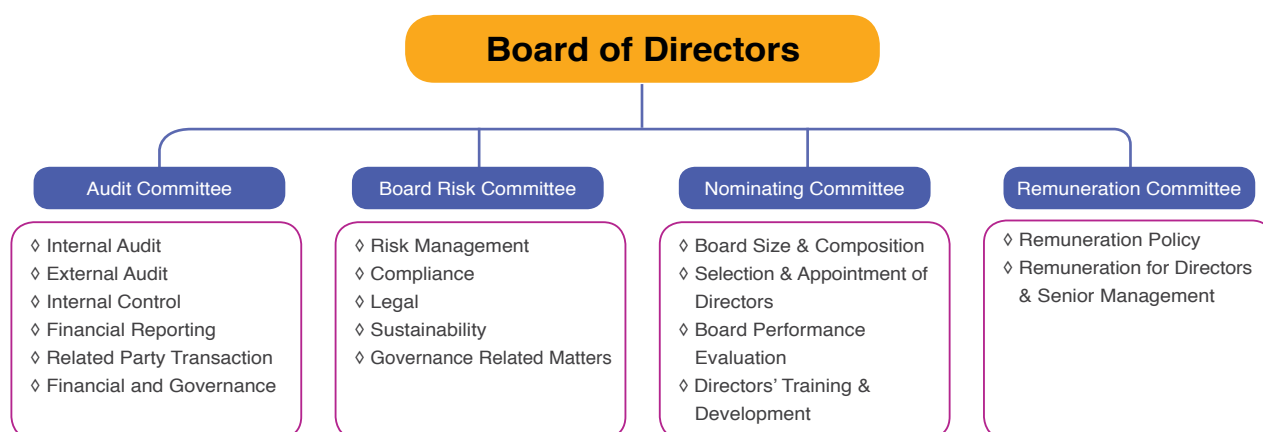
Gender		Nationality		Age Group			Ethnicity			
Male	Female	Malaysian	Non-Malaysian	41-50 years	51-60 years	>60 years	Malay	Chinese	Indian	Japanese
7	4	8	3	2	1	8	4	3	1	3

The profile of each Director is set out on pages 35 to 40 of this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

The Board is assisted by its Committees, which has been established under defined TOR, in accordance with the MMLR and best practices prescribed by the MCCG to assist the Board in discharging its responsibilities. The Board Committees comprises AC, BRC, NC and RC. The brief overview of the four Board Committees is as follows:



The functions and TOR of the Board Committees as well as authority delegated by the Board to these Committees have been approved by the Board and are reviewed periodically to ensure they are relevant and updated. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision making lies with the Board.

Sustainability

The Board recognises the importance of pursuing a business sustainability agenda and sets the tone to promote sustainability practices by balancing Environmental, Social and Governance ("ESG") aspects of the business in decision making. The BRC is entrusted to review sustainability related matters including the Sustainability Framework, material matters, sustainability performance and reporting. Further details are set out in the Sustainability Statement of the Company in the Integrated Annual Report.

Nominating Committee

The NC established by the Board comprises three (3) members, a majority of whom are Independent Directors. Two (2) NC meetings were held during FYE2021. Details of the NC members meeting attendance during FYE2021 are as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Tomokatsu Yoshitoshi Chairman/Independent Non-Executive Director	2	2
Dato' Md Kamal Bin Ismaun Member/Non-Independent Non-Executive Director	2	2
Datin Yasmin Ahmad Merican Member/Independent Non-Executive Director	2	2

The Board, through the NC, conducts an annual review and assessment on the effectiveness of the Board, Board Committees and each of the Directors individually. This assessment focuses mainly on the performance of individual Directors, training and development, participation and contribution of the Directors to the Board Committees meetings and the Company.

The TOR of the NC is available on the website of the Company under Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:





CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

The Board acknowledges that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas related to their duties and enable them to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board. The Board has delegated the role of reviewing the training and development needs of the Directors to the NC.

A comprehensive induction programme will be provided to ease fresh Directors into their new role and to assist them in their understanding of the Company's business, challenges, issues and strategies adopted by the Company. All new Directors are also provided with information packs containing the Board Charter, Code of Conduct, TOR of Board and Board Committees, previous year's Annual Report and relevant Board materials for their further comprehension and understanding of their expected roles.

To further enhance the knowledge of the Directors and enable them to discharge their duties and responsibilities more effectively, the Company during the year had engaged professional training providers to conduct in-house trainings. The list of training programs attended by members of the Board in FYE2021 is set out below:

No.	Name	Training Attended
1.	Ng Eng Kiat	<ul style="list-style-type: none"> Accounting Through Turbulent Times Impact on Valuation Assessment and Deal Structuring in Responding to COVID-19 Compliance Training by AEON Financial Service Co., Ltd. Impairment of Assets & Financial Assets in Accordance with MFRS 136 & MFRS 9 by MICPA Briefing on Integrated Reporting ISA 315 (Revised) Identifying & Assessing The Risks of Material Misstatement & ISA 240: The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements by MICPA Introduction to Enterprise Risk Management Webinar on Year 2021 Budget Highlights 2021 by Folks Taxation
2.	Yuro Kisaka	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Crisis Management & Crisis Communication Program Briefing on Integrated Reporting Introduction to Enterprise Risk Management
3.	Dato' Md Kamal Bin Ismaun	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Briefing on Integrated Reporting Introduction to Enterprise Risk Management
4.	Tomokatsu Yoshitoshi	<ul style="list-style-type: none"> COVID-19 & Recent Cyber Security Issues PwC seminar on Japan's Corporate Governance Code Compliance Training by AEON Financial Service Co., Ltd. Audit & Supervisory Board Association of Japan Seminar to Members on Recent Trend & Issues Case Studies on Corporate Misconducts Briefing on Integrated Reporting SMBC Seminar on SDG's & Corporate Governance Trend MITI staff Seminar on Newly published Guideline on Independent Non-Executive Director Introduction to Enterprise Risk Management Governance Structure & Practice of Financial Institutions Coach A Leadership Seminar on How to Create Ready to Change Organisation Free and Open Indo-Pacific, Japan's Foreign Policy Toward China Post Trump Era of US and the World



CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Name	Training Attended
5.	S Sunthara Moorthy A/L S Subramaniam	<ul style="list-style-type: none"> Accounting Through Turbulent Times COVID-19: Managing Stress & Anxiety Digitise and Orchestrate Your Business Continuity & Pandemic Plan Compliance Training by AEON Financial Service Co., Ltd. Briefing on Integrated Reporting Preventing Leaders from Losing their Moral Compass Big Ethics & Sustainability Conversation Introduction to Enterprise Risk Management
6.	Datuk Adinan Bin Maning	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Enterprise Risk Management Briefing on Integrated Reporting
7.	Datin Khoo Pek Ling	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Enterprise Risk Management Briefing on Integrated Reporting Ethics & Humanity in the Age of Technology 2021 Budget Seminar MFRS 16 Leases: What it Entails and its Effects COVID-19 Impact on Revenue, Inventory and Related Costs in Respect of Dealings with Customers
8.	Datin Yasmin Ahmad Merican	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Briefing on Integrated Reporting Introduction to Enterprise Risk Management
9.	Rashidah Binti Abu Bakar	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Risk Management Policies & Framework: Reshaping the Control Environment Briefing on Integrated Reporting Introduction to Enterprise Risk Management
10.	Masaaki Mangetsu	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Briefing on Integrated Reporting Internal Control and Compliance Training Director Media Training Program Internal Control Seminar Director Media Training Program (Feedback) Advanced Examples of Data Driven Management
11.	Lee Tyan Jen	<ul style="list-style-type: none"> Compliance Training by AEON Financial Service Co., Ltd. Crisis Management & Crisis Communication Program AFS Training for Directors and Management Briefing on Integrated Reporting Legal Familiarisation Refresher Workshop Enterprise Risk Management Code of Conduct Training

Remuneration of Directors and Senior Management

The Board has in place a Remuneration Policy, applicable to Directors and Senior Management. The Board also recognises that a comprehensive and fair remuneration package should be in place in order to retain and attract Directors. In this regard, it is the responsibility of the RC to formulate and review the remuneration policies and packages for the Directors as well as the Senior Management to ensure that they remain competitive, appropriate and commensurate with their experience, skills, level of responsibilities, industry benchmark as well as complexity of business.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Majority of the RC members comprises Independent Directors, primarily responsible to assist the Board in the implementation of the above-mentioned policy and procedures. TOR of the RC, which is available at the Company's website under Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



Two (2) RC meetings were held during the FYE2021. Details of the RC members meeting attendance during FYE2021 are as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Tomokatsu Yoshitoshi Chairman/Independent Non-Executive Director	2	2
Ng Eng Kiat Member/Non-Independent Non-Executive Director	2	2
Datin Yasmin Ahmad Merican Member/Independent Non-Executive Director	2	2

The Board will recommend the Directors' remuneration payable to the Non-Executive Directors to the shareholders for approval at the Annual General Meeting ("AGM") in accordance with Section 230(1) of the Companies Act 2016.

Strengthening Corporate Governance Culture

The Company has established the following policies to ensure the conduct of business undertaken by the employees are carried out ethically and with integrity:

(i) Code of Conduct

The Company's Code of Conduct ("CoC") serves as an ethical standard of behavior for AEON people (Directors, Management and employees), guiding their activities, work approach and daily decisions. The basic principles take into consideration the interests of the Company's customers, shareholders, employees, business partners and the broader community to ensure the Company operates its business with integrity, transparency and accountability.

All employees are briefed on the CoC upon commencement of employment and attend refresher training on an annual basis. Directors, Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, and regulators. The CoC is accessible at the Company's website at <https://www.aeoncredit.com.my/aeon-corporate/about-us> or scan the QR Code below:



(ii) Whistle Blowing Policy

The Company's Whistle Blowing Policy ("WBP") provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation. The WBP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed to the appropriate personnel and definitive action can be taken accordingly. Stakeholders are allowed to raise their concerns with anonymity and confidentiality.

All whistle blowing reports have to be made in good faith with reasonable belief that the information and allegation is true and not made frivolously/maliciously. Any issue raised is subject to a thorough review, investigation and resolution with strict confidentiality. The list of whistle blowing channel provided by the Company are as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(ii) Whistle Blowing Policy (Continued)

No.	Whistle Blowing Channel	Designated Recipient
1.	Internal reporting channel a. Employee Hotline Number: +603-2721 8118 b. Written report to: Head of Human Resource c. Online Portal http://employeehotline/	For (a) & (b), Head of Human Resource Managing Director, Executive Director, Executive Officer and Head of Human Resource
2.	External Reporting Channel a. Online Portal - Hotline Japan http://aeon-ethics.secure.force.com/ b. Legal Attorney Hotline Email: report_aeonglobal@yglpc.com	AEON CO., Ltd.
3.	Email at eSID@aeoncredit.com.my	a. Senior Independent Director b. Audit Committee Chairman c. Chief Compliance Officer ("CCO")
4.	Send a letter to: Chief Compliance Officer AEON Credit Service (M) Berhad, Level 18, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. STRICTLY PRIVATE & CONFIDENTIAL	Chief Compliance Officer
5.	Malaysian Anti-Corruption Commission ("MACC") website: https://www.sprm.gov.my/	Malaysian Anti-Corruption Commission ("MACC")

(iii) Legal Attorney Hotline

To further strengthen the Whistle blowing practices, the Company has established a Legal Attorney Hotline, which acts as a platform for all employees, including business partners to report any misconduct (including violations of laws or internal policies) by the Senior Management (Senior General Manager and above) direct to AEON CO., Ltd. Any reports of this nature shall need to be addressed to: report_aeonglobal@yglpc.com.

COVID-19 Pandemic Risk

The Company commenced its FYE2021 with unprecedented challenges and uncertainties arising from COVID-19 pandemic. The Government announced the Movement Control Order ("MCO") on 18 March 2020, followed by Enhanced MCO, Conditional MCO and Recovery MCO interchangeably, according to the changing risk scenarios in order to curb the pandemic. Throughout the year, the Board has shown tremendous support to the Management from the various efforts undertaken, to manage the crisis particularly involving the Company's employees, customers, business partners, communities and other stakeholders. On the other hand, the Management has also played a pivotal role in keeping the Board of Directors updated on the latest development about the pandemic which is relevant to the Company and its related stakeholders, through Board of Directors and Board Committees meetings.

The strong relationship and support between the Board and Management during these challenging times are very crucial for the Company's business continuity and our ability to move forward.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

AC of the Company comprises three (3) Independent Non-Executive Directors, which is in accordance and in compliance with the MCCG. The Chairman of the AC is appointed by the Board and is not the Chairman of the Board. By having different individuals between the positions of Board Chairman and Chairman of the AC, it allows the Board to review the AC's findings and recommendations objectively.

The AC Chairman, S Sunthara Moorthy A/L S Subramaniam is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant registered with the Malaysian Institute of Accountants ("MIA"). Collectively, the members of the AC have a wide range of relevant skills, knowledge and experience in discharging their duties.

All AC members are financially literate, with the AC's composition and performance being subject to an annual review by the NC, prior to the Board approval. The composition, authority as well as the duties and responsibilities of the AC are set out under its TOR as approved by the Board and available at the Company's website under Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



The AC assists the Board in fulfilling its statutory and fiduciary responsibilities of overseeing, monitoring and assessing the reliability of the Company's financial management, accounting process, financial reporting practices and system of internal controls. Additionally, the AC is responsible for assessing the independence of both external and internal audit functions by providing direction and oversight functions on behalf of the Board. The details of AC activities in FYE2021 are set out in the Audit Committee Report on pages 71 to 73 of this Integrated Annual Report.

Four (4) AC meetings and one (1) Special AC meeting were held during the FYE2021. Details of the AC members meeting attendance during FYE2021 are as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
S Sunthara Moorthy A/L S Subramaniam Chairman/Independent Non-Executive Director	5	5
Datuk Adinan bin Maning Member/Senior Independent Non-Executive Director	5	5
Datin Khoo Pek Ling Member/Independent Non-Executive Director	5	5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management and Internal Control Framework

The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system, as well as reviewing its adequacy and effectiveness. The governance structure that is in place ensures effective oversight of risks and controls in the Company. The Board fulfils its responsibilities in the risk governance and oversight functions through the BRC in order to manage the overall risk exposure of the Company.

In FYE2021, the Company has strengthened the risk management practices by adopting COSO (“Committee of Sponsoring Organisations of the Treadway Commission”), ERM (“Enterprise Risk Management”) Framework, which focuses on integrating ERM with business practices to support better decision making and ultimately leads to enhanced performance.

In addition, in order to accurately reflect the current challenging market environment, the Company also engaged with an independent party to review and enhance the stress testing parameters and methodology in accordance with the current and future business exposures. This review exercise was completed and approved by the Board in June 2020.

In terms of internal controls, the AC regularly evaluates the adequacy and effectiveness of the internal control system by reviewing the internal audit reports prepared by the Internal Audit Division and discussing major findings based on Management’s responses. The Board is of the view that the system of internal control and risk management in place during the financial year under review, is sound and sufficient to safeguard the Company’s assets as well as shareholders’ investments and the interests of stakeholders.

Board Risk Committee

BRC assisted the Board in discharging the oversight responsibility for risk management by reviewing the adequacy and effectiveness of risk management strategies, risk tolerance, risk management framework, processes and practices. The BRC is also responsible to review the Company’s Business Continuity Management Framework, Sustainability Framework, any emerging risk including the stress testing procedures and key assumptions, evaluate the effectiveness of compliance functions and other governance related matters. On an annual basis, a private session will be held between BRC, Chief Risk Officer and Chief Compliance Officer, without the presence of any Senior Management including the MD, to discuss any sensitive issues independently, transparently and objectively.

The members of BRC comprises three (3) Independent Non-Executive Directors, and supports the Board by overseeing the Company’s risk management framework and regularly assessing the framework to ascertain its adequacy and effectiveness. The composition, authority as well as the duties and responsibilities of the BRC are set out under its TOR as approved by the Board and available at the Company’s website under Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



Four (4) BRC meetings were held during the FYE2021. Details of the BRC members meeting attendance during FYE2021 are as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Datuk Adinan bin Maning Chairman/Senior Independent Non-Executive Director	4	4
Datin Khoo Pek Ling Member/Independent Non-Executive Director	4	4
Rashidah binti Abu Bakar Member/Independent Non-Executive Director	4	4

The details of BRC activities in FYE2021 are set out in the Board Risk Committee Report on pages 74 to 76 of this Integrated Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with stakeholders

AEON Credit Service (M) Berhad is committed to ensure that its communication with the shareholders and various stakeholders, both internally and externally are effective, clear, transparent, timely, regular and with quality disclosure. The Company continuously discloses and disseminates comprehensive and relevant material information to the public through various channels to keep its stakeholders informed of its business activities, strategies and financial performance. This would enable the stakeholders to make informed decisions as well as for shareholders to exercise their rights.

The Company actively engages with stakeholders through various platforms, amongst others:

- i. The Company's website (www.aeoncredit.com.my) where information on the Company's Announcements, Integrated Annual Report, Board Charter, Code of Conduct and Whistle Blowing channels, etc. may be accessed;
- ii. Announcements to Bursa Securities on the quarterly/annual financial performance and corporate developments in the Company;
- iii. Meetings, engagements and participation in events involving regulators, industry associations, business partners, merchants, segments of local community, etc.;
- iv. Updates of the Company's activities, product launching and operations disseminated through dialogues with analysts, fund managers and investors as well as press releases from time to time;
- v. Publication of Integrated Annual Report and CG Report, containing comprehensive information on the financial results, operations, prospects, activities undertaken, sustainability statement and state of corporate governance in the Company;
- vi. Engagement with shareholders during the Company's AGM; and
- vii. A dedicated investor relations' e-mail contact which is available at ir_info@aeoncredit.com.my for shareholders to submit queries or comments on any issues of concern.

Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the main platform for dialogue and direct interaction between the widest range of shareholders, the Board and the Management. In line with best practice, the notice of AGM setting out the agenda together with the Integrated Annual Report is sent to shareholders at least twenty-eight (28) days prior to the date of the AGM.

In light of the COVID-19 outbreak and as part of the safety measure, the 23rd AGM of the Company was held on 24 June 2020 on a fully virtual basis through live webcast and online remote voting using the RPV Facilities. All Directors were present at the AGM either physically or virtually to engage with shareholders and address issues of concern raised by the shareholders.

KEY FOCUS AND FUTURE PRIORITIES

The Board will continue its efforts in raising the bar on the Company's corporate governance standards and instil a culture that promotes ethical conduct, transparency and sustainable value creation with the ultimate objective of realising long term shareholder value while at the same time enhance the interest of other stakeholders. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

This Corporate Governance Overview Statement was approved by the Board of Directors on 4 May 2021.

AUDIT COMMITTEE REPORT

COMPOSITION AND MEETING ATTENDANCE

The Audit Committee ("AC") members are appointed by the Board from amongst its non-executive members. The AC comprises three (3) members, all of whom are Independent Non-Executive Directors.

The AC composition meets the requirements of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which set out that the AC must be composed of not fewer than three (3) members, all of whom must be non-executive directors, with the Chairman and a majority of the members being independent directors and at least one (1) member of the AC must be a member of the Malaysian Institute of Accountants, and no alternate director is appointed as a member of the AC. The Chairman of the AC, S Sunthara Moorthy A/L S Subramaniam and Datin Khoo Pek Ling are members of the Malaysian Institute of Accountants.

During the financial year ended 28 February 2021, the AC convened five (5) meetings with four (4) scheduled quarterly meetings held on 2 April 2020, 16 June 2020, 17 September 2020 and 14 December 2020 respectively, and one (1) Special Meeting held on 20 April 2020. Details of the composition of the AC and attendance by each member at the AC Meetings are as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
S Sunthara Moorthy A/L S Subramaniam Chairman/Independent Non-Executive Director	5	5
Datuk Adinan bin Maning Member/Senior Independent Non-Executive Director	5	5
Datin Khoo Pek Ling Member/Independent Non-Executive Director	5	5

The Company Secretary, being the Secretary of the AC, the Chief Financial Officer and Head of Internal Audit Division, had attended all the meetings held during the financial year. Upon invitation, the Managing Director, Executive Director, Executive Officers, related management personnel and representatives of the External Auditors also attended specific meetings for matters that required their input.

During the year under review, the Board, via the Nominating Committee, had performed the annual assessment on the term of office and performance of the AC and each of its members pursuant to Paragraph 15.20 of the MMLR of Bursa Securities. The Board is satisfied that the AC and each of its members have discharged their responsibilities and duties in accordance with the AC's Terms of Reference. The responsibilities and duties of the AC are set out in the continuously reviewed AC's Terms of Reference, which was last reviewed on 14 December 2020 and approved by the Board on 21 December 2020, and it is accessible for viewing on the Company's website at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance>.

The Chairman of the AC reports to the Board on matters deliberated during the AC Meetings and the recommendations of the AC for the Board's consideration and approval. The minutes of each AC Meetings recorded were circulated to all members of the Board and tabled at the Board Meetings for notation.

SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR

For the financial year ended 28 February 2021, the AC in the discharge of its functions and duties as set out in its Terms of Reference, has carried out the following main activities:

1. Financial Statements and Reporting

- Reviewed and discussed the unaudited quarterly financial results of the Company with the Management at the scheduled quarterly AC meetings, and recommended the same to the Board for consideration and approval before releasing to Bursa Securities.
- At the Special AC Meeting held on 20 April 2020, reviewed and discussed with the Management on the Audited Financial Statements of the Company for the financial year ended 29 February 2020, and recommended the same for the Board's consideration and approval.



AUDIT COMMITTEE REPORT

2. External Audit

- (a) Reviewed and deliberated reports issued by the External Auditors, Messrs. Deloitte PLT Malaysia, on significant findings and remedial actions to be taken by Management to address the issues raised arising from the statutory audit and the key audit matters raised by the External Auditors at the AC Meeting held on 2 April 2020.
- (b) Reviewed and deliberated the Management Letter issued by Messrs. Deloitte PLT Malaysia in connection with the audit for the financial year ended 29 February 2020 at the AC Meeting held on 16 June 2020.
- (c) At the Special AC Meeting held on 20 April 2020, reviewed and deliberated the Independent Auditors' Limited Assurance Report issued by Messrs. Deloitte PLT Malaysia on the adequacy of controls for the Company's Trust Account in accordance with Principle 4 of the Bank Negara Malaysia Guideline on E-Money, for the AC's deliberation.
- (d) At the Special AC Meeting held on 20 April 2020, reviewed and recommended to the Board for consideration the proposed audit fees and non-audit fees for the Company's External Auditors in respect of the statutory audit and other non-audit work.
- (e) At the Special AC Meeting held on 20 April 2020, reviewed and recommended to the Board on the re-appointment of Messrs. Deloitte PLT Malaysia as the External Auditors of the Company for the financial year ended 28 February 2021.
- (f) Reviewed with the External Auditors, Messrs. Deloitte PLT Malaysia their terms of engagement, proposed audit remuneration and the audit plan for the year under review to ensure that their scope of work adequately covers the activities of the Company.
- (g) During the financial year, the AC met with the Engagement Partner of Messrs. Deloitte PLT Malaysia twice, i.e. on 2 April 2020 and 14 December 2020 respectively to discuss any issues or significant matters in relation to their work without the presence of the Executive Board members, Management staff of the Company and Internal Audit.

3. Internal Audit

- (a) At the AC Meeting held on 17 September 2020, reviewed and approved the revised Internal Audit Division's Internal Audit Charter for adoption.
- (b) Reviewed and deliberated internal audit reports, which highlighted the audit issues and recommendations as well as the Management's action plan thereto, to ensure that appropriate actions had been taken to address the issues raised.
- (c) Reviewed and discussed with the Management the progress of agreed remedial action plans on audit issues at the scheduled quarterly AC meetings, to ensure that the remedial measures are implemented promptly and appropriately.
- (d) The AC has also evaluated the performance and effectiveness of the Internal Audit function pursuant to Paragraph 15.12 of the MMLR of Bursa Securities, which include the scope, functions, competency and resources of the Internal Audit Division.
- (e) During the financial year, the AC held two (2) meetings with the Head of Internal Audit Division, i.e. on 20 April 2020 and 17 September 2020 without the presence of the Executive Board members and Management staff of the Company to discuss any issues or significant matters, which the Head of Internal Audit Division wished to raise.
- (f) At the AC Meeting held on 17 September 2020, reviewed and approved the revision of the Internal Audit Division's Annual Audit Plan for the financial year ended 28 February 2021 due to the circumstances brought upon by COVID-19 and the Movement Control Order had impacted on the practical aspects of the audit execution and timeliness.
- (g) At the AC Meeting held on 14 December 2020, reviewed and approved the annual internal audit plan of the Internal Audit Division for the financial year ending 28 February 2022, to ensure the adequacy of the scope, coverage of work and the resource requirements of the Internal Audit function to perform its work.

AUDIT COMMITTEE REPORT

4. Related Party Transactions

- (a) Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company at the scheduled quarterly AC meetings to ensure the transactions were fair, reasonable, on normal commercial terms, not detrimental to the interests of the minority shareholders and in the best interest of the Company and recommended the same to the Board for consideration and approval.
- (b) Reviewed the annual circular to shareholders in respect of the proposed renewal of existing Shareholders' mandate for recurrent related party transactions and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for consideration and approval.

5. Annual Reporting

- (a) Discussed and recommended to the Board for approval, the Statement on Risk Management and Internal Control, and the AC Report and Directors' Responsibility Statement in relation to the Audited Financial Statements for inclusion in the Annual Report 2020.

6. Others

- (a) Reviewed the proposals presented by Management to declare annual distributions to shareholders, and recommended such proposals to the Board for consideration.
- (b) Reviewed and considered proposed revisions made to the AC's Terms of Reference for Board approval.



INTERNAL AUDIT FUNCTION

The Board has established an in-house internal audit function. The primary responsibility of the Internal Audit Division is to provide independent and objective assessment on the adequacy and effectiveness of the governance, risk and control processes implemented by the Management.

The Internal Audit Division's mission, scope of work, responsibilities and authority are governed by its Internal Audit Charter, which is approved by the AC. As guided by the Internal Audit Charter, Policy and Procedure, the Internal Audit Division maintained their independence and impartiality on the activities and functions it audits. To reflect the independence of the internal audit function, the Internal Audit Division reports functionally to the AC and administratively to the Managing Director, and has unfettered access to the AC. Through this reporting relationship, the AC also ensured that the Internal Audit Division has the authority to carry out their work objectively and independently.

The Internal Audit Division adopts a risk-based audit methodology to plan and prioritise audit work focusing on high risk areas, which encompass auditing the Company's business activities and operations, information systems including the Outsourced Service Providers to ensure they are reviewed on a rotational basis. These are guided by an annual internal audit plan, which is approved by the AC.

During the year under review, the Internal Audit Division conducted the internal audit engagements in accordance with the approved annual internal audit plan to review the adequacy and effectiveness of the governance, risk and control processes as well as compliance with relevant policies, procedures and regulations. The Internal Audit Division also reviewed the recurrent related party transactions entered into by the Company on a quarterly basis, and observed and reviewed the Disaster Recovery Plan tests to provide independent evaluation of the testing performed.

Internal control deficiencies noted from these audits were highlighted to the appropriate level of Management for resolution. Root cause of issues noted was assessed to enable relevant recommendations and ensure remedial measures are taken to address the deficiencies. In relation to this, Internal Audit Division also presented the audit issues and remedial action plans thereto, as well as the progress of remedial actions taken on open audit issues, at the monthly Internal Audit Meetings attended by the Managing Director, Executive Director and Executive Officers of the Company.

Internal Audit Reports arising from the audits and reviews conducted by Internal Audit Division were tabled to the AC for review and deliberation at the Special AC Meeting held on 20 April 2020 and the scheduled AC Meetings held on 16 June 2020, 17 September 2020 and 14 December 2020 respectively. The relevant Management of the operating units are responsible to ensure that remedial measures are taken on reported internal control deficiencies within the required timeframe. Follow-up reviews were conducted by Internal Audit Division, and status updates were provided to the AC on the progress of remedial measures taken.

The total cost incurred in respect of the internal audit function for the financial year under review was in the region of RM2,045,000 (FYE2020: RM2,590,000).



BOARD RISK COMMITTEE REPORT

INTRODUCTION

The Board Risk Committee (“BRC”) is a governing body appointed by the Board of Directors (“the Board”), which is charged with oversight of the organisation’s risk, and internal control functions as embodied in the Company’s Risk Management framework.

COMPOSITION AND MEETING ATTENDANCE

The Committee is appointed by the Board, all of whom are independent and currently comprises non-executive directors. The appointment or termination of any Committee member is at the discretion of the Board, upon recommendation by Nominating Committee.

The Secretary to the BRC is the Company Secretary. The Secretary shall, in conjunction with the Chairman, draw up an agenda, which shall be circulated together with relevant support papers, at least one (1) week prior to each meeting, to the Committee members.

The Committee meets at least four (4) times a year and additional meetings may be called by the Chairman if necessary in order to fulfil its duties. For the FYE2021, four (4) BRC meetings were held and the attendance of the BRC members is recorded as follows:

Name / Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Datuk Adinan bin Maning Chairman/Senior Independent Non-Executive Director	4	4
Datin Khoo Pek Ling Member/Independent Non-Executive Director	4	4
Rashidah binti Abu Bakar Member/Independent Non-Executive Director	4	4

The Managing Director, Executive Director, Executive Officers, other Board members, Management, consultants or other advisors may be invited to attend the BRC meetings, as and when required.

The quorum for the meeting consists of two (2) and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Committee shall meet at least once a year with the Chief Risk Officer and Chief Compliance Officer to discuss any matters without the presence of the Management and any executive members of the Board. The Committee may conduct its meetings to include participation by any member or invitee.

The Chairman of the Committee should attend the Annual General Meeting to respond to any shareholders’ queries on the BRC’s activities, roles and responsibilities.

BOARD RISK COMMITTEE REPORT

SUMMARY OF BRC ACTIVITIES DURING FYE2021

For the FYE2021, the BRC in the discharge of its functions and duties as set out in its Terms of Reference, have carried out the following principal activities:

- a. Review the quarterly risk management report of the Company.
- b. Review and recommend risk/compliance related Framework/Policies to Board for approval.
- c. Review and deliberate market/environment and emerging risks.
- d. Review and discuss legal and compliance matters.
- e. Discuss matters arising from risk management and compliance reports and resolutions of matters addressed.

RESPONSIBILITIES

Risk Management

- Assess the Company's processes relating to its risks and control environment.
- Review and recommend risk management strategies, policies, and risk tolerance for the Board's approval.
- Review the adequacy of Company's risk management framework, monitor principal risks that affects the Company and ensure that the evaluation of risk management and mitigation measures are in place in order to safeguard shareholders' investments and the Company's assets.
- Conduct annual review on the adequacy and effectiveness of risk management process.
- Review the Company's stress test procedures including simulation scenarios, parameters, key assumptions and results.
- Review management's periodic report on risk appetite, risk exposure, risk portfolio composition, and risk management activities to ensure that the risk reports are provided with appropriate risk responses.
- Review the Company's Business Continuity Management Framework and policy for dealing with extreme internal or external events and disasters.
- Review and recommend corrective and preventive measures undertaken to remedy failings and/or weaknesses in the risk management process.
- Review the risk management report and whether appropriate actions are taken by management on the recommendations made.
- Review the appointment, and dismissal of the Chief Risk Officer as well as to evaluate the performance of the risk management function.
- Review the statement on risk management and internal controls of the Company for inclusion in the Integrated Annual Report.



BOARD RISK COMMITTEE REPORT

Compliance

- To review and approve legal and compliance framework and policies.
- Discuss and deliberate legal and compliance risk issues regularly to ensure the issues are resolved effectively and in timely manner.
- Review the appointment, and dismissal of the Chief Compliance Officer as well as to evaluate the performance of the legal and compliance function.
- To evaluate the effectiveness of the Company's compliance function and overall management of compliance risk.

Other responsibilities

- Review governance related matters that may be considered/requested by the Board from time to time.
- Review sustainability related matters, including the Sustainability Framework, material matters, sustainability performance and reporting.
- To carry out such other assignments as may be agreed upon or delegated by the Board.
- Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company.
- Provide reasonable oversight over the implementation and effectiveness of the Company's Anti-Bribery Programmes.

AUTHORITY

The BRC has the following authority as empowered by the Board:

- a. Investigate any matter within its terms of reference.
- b. Seek any information it requires from employees who are required to cooperate with any request made by Committee.
- c. Full and unrestricted access to any information pertaining to the Company.
- d. Direct communication channels with internal and external auditors and with senior management of the Company.
- e. Adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Company.
- f. Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, after the matter has been reported to the Board.

The Chairman of the Committee shall engage on a continuous basis with the Chairman of the Board and Senior Management including the Managing Director, Chief Risk Officer and Chief Compliance Officer in order to be kept informed of matters affecting the Company.

PERFORMANCE

On an annual basis, the Board via the Nominating Committee will review and evaluate the performances of the BRC to determine whether the BRC and its members have carried out their duties in accordance with their terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



INTRODUCTION

In line with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), the Board of Directors ("the Board") of a listed issuer is required to include in its Company's Integrated Annual Report a statement on the state of internal control of the listed issuer. This statement which comprises the main features of risk management and internal control within AEON Credit Service (M) Berhad ("the Company") has been prepared in accordance to:

- a) Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers which was approved by Bursa Securities; and
- b) Malaysian Code on Corporate Governance ("MCCG").

The Statement outlines the key features of the risk management and internal control system of the Company during the year under review.

Board Responsibilities

The Board is responsible to review and approve the Company's overall risk strategy, including risk appetite, risk tolerance and overseeing its implementation to support the sustainability initiatives of the Company. The Board also acknowledges the presence of a sound internal control system in safeguarding shareholders' interest, as well as to ensure compliance with applicable laws and regulations. In light of the above, the Board affirms that there is a proper risk management process in place to identify, evaluate and manage significant or emerging risks that could derail the Company's aim in meeting its objectives.

The risk management and internal control framework is designed to manage rather than to eliminate the risk of failure in the achievement of goals and objectives of the Company. The system can therefore only provide reasonable and not absolute assurance against the occurrence of material misstatement or loss, and that the risk management process is designed to minimise or mitigate it.

In acknowledging that having a sound risk management and internal control system is crucial, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Company. For this, the Board is assisted by the Audit Committee ("AC") and Board Risk Committee ("BRC") to provide primary oversight responsibilities on the Company's risk management and internal control system. The Board remains responsible for the governance of the risk and internal controls with regard to the execution of the delegated oversight responsibilities.

For the financial year ended 28 February 2021 ("FYE2021"), four (4) BRC meetings were conducted with the purpose of overseeing the Company's risk and compliance particularly on the adequacy and effectiveness of risk management and compliance processes. The BRC is also responsible to review the Company's sustainability related matters, including Sustainability Framework, material matters covering Environment, Social and Governance ("ESG") risks, and sustainability reporting. For more details on the function of the BRC, please refer to BRC Report on pages 74 to 76.

Management Responsibilities

The Management's overall responsibility is to assist the Board in implementing the Company's policies and procedures on risk and control by:

- Identifying, assessing, monitoring and reporting risks and internal control, as well as taking proper actions. In identifying and mitigating or minimising the risks, it is relevant to the business of the Company to ensure the achievement of its objectives and goals.
- Continuously review the changes in the market environment, be it economic, environmental, political or social, on any emerging risks that could affect the Company and its businesses.
- Implementing remedial action to address deficiencies that were being identified and tracked for closure. Thereafter, to report to the Board for deliberation.
- Formulating and reviewing relevant policies and procedures to manage risks in accordance to the Company's strategic goals.
- Reporting in timely manner to the Board on any changes in risks or emerging risks and the corresponding corrective actions taken.

The Management has further assured the Board that the Company's risk management and internal control system is operating adequately and effectively in all material aspects with the necessary processes being implemented.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key functions and processes that the Board has established in reviewing the adequacy and effectiveness of risk management and internal control system include the following:

Risk Management

Risk Management has become an important driver to support business strategies while balancing the appropriate level of risk taken without exposing itself to unacceptable potential losses or reputational damage. The newly adopted Enterprise Risk Management Framework (“ERMF”) has strengthen the risk management practices through integration of ERMF with business practices for better decision making and ultimately enhance business performance.

The key features of the ERMF include:

Risk Appetite

It is defined as the amount and types of risk that the Company is willing to accept, in pursuit of its business objectives.

The Company’s risk appetite is an integral component of the Company’s robust risk management framework. The risk appetite also provides a structure in understanding risk and is embedded in the day to day business activities.

Risk Governance and Oversight

Risk governance provides a formalised and transparent structure that promotes involvement from the Board and Management in the risk management process to ensure a uniformed view of risk across the Company.

The three lines of defense address specific duties and responsibilities related to risk and control functions coordinated within the Company:

1st Line of Defense – Risk Taking

The first lines of defense shall be managed by Business Units (“BU”) who has day-to-day ownership and management over risks and controls.

2nd Line of Defense – Risk Controlling

The second line of defense supports Senior Management by monitoring and reviewing the first line of defense to ensure risks and controls are properly managed. Essentially, this is a management and oversight function that owns aspects of the risk management and compliance process.

3rd Line of Defense – Assurance Party

The third line of defense provides assurance to Senior Management and the Board that the first and second lines efforts are consistent and meet the expectations. This assurance function performed by Internal Audit Division.

In providing effective oversight function, BRC is assisted by the Risk Management Committee (“RMC”) to review the effectiveness of risk management, compliance, legal, sustainability and other governance related matters. The RMC comprises the key management team of the Company, which includes the Corporate Management Division Head as Chairman and Group/ Business Unit Heads as RMC members. The RMC meetings, coordinated by the Risk Management are held on monthly basis, to address risk, compliance and other related matters together with mitigating measures, reviewing policies and procedures and deliberating emerging issues that possibly impact the Company. Any new or changes in policies and procedures related to risk, compliance and other related matters are reviewed by the RMC, recommended by the BRC and subsequently approved by the Board.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During the financial year, the Company has established additional policies and framework in order to strengthen the overall governance. The policies mentioned are:

a) Investor Relations Policy

The Company has recently established Investor Relations Policy as a guide for the Company to provide update information on the financial results, operations performance as well as Company's strategies and future prospects. The information shared should be fair, accurate and rendered in a prompt manner in order to enable investors and potential investors to make informed investment decisions in respect of the Company.

b) Work From Home Policy

In tandem with COVID-19 pandemic, the Company has established Work From Home ("WFH") Policy to outline the responsibilities and requirements for flexible working environment that shall be complied by all employees. The Company is committed to provide a safe working environment to employees without jeopardizing organisational resilience during these challenging times.

c) e-KYC Framework

In response to the Electronic Know-Your-Customer ("e-KYC") Policy Document issued by Bank Negara Malaysia, the Company established the e-KYC Framework, which serves as comprehensive structure for conducting customer due diligence through online and mobile channels.

In FYE2021, the Company also obtained a certification on ISO37001:2016 Anti-Bribery Management Systems ("ABMS") from SIRIM QAS International. The ABMS certification covers the areas on easy payment scheme, personal financing, payment card, insurance and point management business of the Company. The certification indicates the Board and Senior Management continuous efforts to instill good governance and corporate culture in the Company.

The Company has established various Management Committees and Meetings to assist and support the Board. Generally there are five (5) levels of meeting in the Company, of which the Level 1 meeting is the highest ranking. Each Committee and Meeting has specific roles and mandates including review and discussion on Approval & Status Updates, Performance Reporting, Key Performance Indicator and Key Risk Indicator to provide comprehensive oversight and controls functions within the Company.

The Company has been identified as a significant subsidiary of the holding corporation, AEON Financial Service Co., Ltd. Japan ("AFSJ"). As a significant subsidiary, the Company is required to comply with the AFSJ's Framework of Internal Controls over Financial Reporting ("Japanese Sarbanes-Oxley or J-SOX"). Pursuant to that, the Management through Internal Audit Division, regularly conducts evaluation of internal controls in the Company to identify any significant impact on internal controls and financial reporting. In addition, on an annual basis, the Company also engaged with Messrs. Deloitte PLT Malaysia to assess the effectiveness of existing internal controls and financial reporting.

Risk and Compliance Culture

Risk Management and Compliance continuously seek to build a strong risk management and compliance culture by promoting awareness, ownership and accountability. Training, e-learning and awareness are being emphasised in order to promote the risk and compliance culture.

Risk and Compliance related policies and procedures are reviewed on a periodic basis to meet changes in the business environment, as well as the requirements of applicable law and regulations.

As part of the risk and compliance culture, the Company has instilled a culture where the Board, Management and all employees of the Company are committed to adhere to the requirement of relevant laws and regulations. This commitment is clearly demonstrated through the establishment and strengthening of policies, processes and controls in managing and preventing non-compliance.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Process

a) Risk Identification

It is a process of identification, understanding and assessment of inherent risk for relevant products, new products or processes and business initiatives. It enables early detection of risk and ensures sound risk management practices are in place.

b) Risk Evaluation and Treatment

A combination of qualitative and quantitative methods are used by the Management to assess and evaluate the risk identified from two perspectives – risk likelihood and impact parameters. Management will then decide, in consultation with Risk Management on the risk treatment options for subsequent implementation. Treatment options are being monitored and tracked till closure in order to mitigate the identified risk effectively from future occurrence.

c) Risk Monitoring and Reporting

Monitoring of early warning and key indicators are crucial in alerting the management on any potential risk events, and to put in place timely action to mitigate the potential risk. The results are then being reported and communicated at the respective platform.

d) Communication

The Company, through the Risk Management, continuously communicates and engages with stakeholders to identify possible risks in addition to the events and circumstances that could affect the achievement of the objectives which includes the realisation of the opportunities.

Internal Control System

The Board is responsible for managing the key business risks of the Company and implementing an appropriate internal control system to manage those risks. The AC, assisted by the Internal Audit Division, provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. The AC has an oversight function of all activities carried out by the Internal Audit Division.

To ensure that a sound system of controls is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls. The primary processes include:

- An annual business plan and budget which are submitted to the Board for approval. Actual performances are reviewed against the targeted results on a monthly basis for Management responses and actions, where applicable. Board reviews monthly reports from the Management on the key operating statistics and risk management, and feedback on actions required are furnished to the Senior Management team.
- The Company's core values and Code of Conducts are the essential guiding principles which are observed in all business dealings and sets out standards of good practice to be observed by all employees.
- The corporate decision authority matrix, corporate purchasing authority matrix and respective business units' authority matrix with defined empowerment and authority serves as a framework in regulating all business activities and decisions within the Company.
- The Company has in place written operating procedures in various areas of operations, which also incorporate risk management issues and are updated as and when necessary to improve on the control environment and operational efficiency.

All the above mentioned processes are in place with the aim to provide reasonable assurance on the effectiveness of the Company's internal control system. The Board will conduct reviews on a continuous basis to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets and stakeholders' interests.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Board has established an in-house internal audit function. The primary responsibility of the Internal Audit Division is to provide independent and objective assessment on the adequacy and effectiveness of the governance, risk and control processes. The Internal Audit Division adopts a risk-based audit methodology to plan and prioritise audit work focusing on high risk areas, which encompass auditing the Company's business activities and operations, information systems including outsourced service providers. These are guided by an annual internal audit plan, which is approved by the AC and internal audit reports are tabled at the AC Meetings for review and deliberation. Where applicable, the Internal Audit Division provides recommendations to improve the management of risks, control and governance processes. The AC regularly reviews the status of rectification actions on the findings or recommendations by the Internal Audit Division.

For more details on the function of the Internal Audit Division, please refer to page 73, Audit Committee Report.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

According to Paragraph 15.23 of the MMLR, this Statement has been reviewed by external auditors for the financial year ended 28 February 2021. The limited assurance was conducted in accordance with the Audit Assurance Practice Guide 3 ("AAPG3"), which was issued by the Malaysian Institute of Accountants ("MIA"), and it does not require the external auditors to form an opinion on the effectiveness and adequacy of the Company's risk management and internal control system.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Company's risk management and internal control system. The Board has received assurance from the Managing Director and the Chief Financial Officer that the Company's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Company.



DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the requirements of the CA and the MMLR of Bursa Securities.

The Directors are responsible to ensure that the financial statements of the Company are prepared with reasonable accuracy from the accounting records so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the results and cash flows of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Adopted appropriate and relevant accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the annual audited financial statements on a going concern basis.

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company (not being contracts entered into the ordinary course of business) involving Directors' and major Shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

2. AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid or payable for the financial year ended 28 February 2021 to the External Auditors and a firm or corporation affiliated to the External Auditors are set out below:

	RM'000
Audit Fees	
- Statutory audit	210
- Assurance and compliance related services	255
Total	465
Non-Audit Fees	
- Statement of Risk Management and Internal Control review	10
- Regulatory reporting review	30
Total	40

3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Third Annual General Meeting ("AGM") held on Wednesday, 24 June 2020, the Company obtained a shareholders' mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 28 February 2021 is set out on pages 126 to 128 of the Integrated Annual Report.

07 FINANCIAL STATEMENTS

85	Directors' Report
89	Independent Auditors' Report
93	Statement of Financial Position
94	Statement of Profit or Loss and Other Comprehensive Income
95	Statement of Changes in Equity
96	Statement of Cash Flows
99	Notes to the Financial Statements
145	Statement by Directors and Statutory Declaration



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 28 February 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of payment cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

RESULTS

	RM'000
Profit for the financial year	233,957

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects of the COVID-19 pandemic and related support measures as disclosed in Note 4 and Note 22 to the financial statements.

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 29 February 2020:	
- Final single-tier dividend of 14.00 sen per ordinary share, paid on 16 July 2020	35,511
In respect of the financial year ended 28 February 2021:	
- Interim single-tier dividend of 9.20 sen per ordinary share, paid on 5 November 2020	23,488
Total	58,999

The Directors propose a final single-tier dividend of 20.00 sen per share, amounting to approximately RM51,061,538 computed based on the outstanding issued and paid-up capital in the Company of 255,307,690 ordinary shares in respect of the current financial year.

The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the final dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 28 February 2022.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 253,619,123 ordinary shares to 255,307,690 ordinary shares by way of the issuance of 1,688,567 new ordinary shares pursuant to the conversion of 18,563,472 units of Irredeemable Convertible Unsecured Loan Stocks.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.



DIRECTORS' REPORT

ISSUE OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

On 21 September 2017, the Company issued 432,000,000 units of 3-year, 3.5% ICULS amounting to RM432,000,000 for the purpose of working capital.

The salient features of the ICULS are set out in Note 21 to the financial statements.

During the financial year, a total of 18,563,472 units of ICULS had been converted into 1,688,567 new ordinary shares of the Company at the conversion price of RM10.99 for every one (1) new ordinary share and as at the end of the financial year, there are no ICULS outstanding.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Ng Eng Kiat
 Yuro Kisaka
 Dato' Md Kamal bin Ismaun
 Tomokatsu Yoshitoshi
 S Sunthara Moorthy A/L S Subramaniam
 Datuk Adinan bin Maning
 Datin Khoo Pek Ling
 Datin Yasmin Ahmad Merican
 Rashidah binti Abu Bakar
 Masaaki Mangetsu
 Lee Tyan Jen

DIRECTORS' INTERESTS

According to the Register of Directors Shareholdings, the interests of Directors in office at the end of the financial year in the ordinary shares and ICULS of the Company were as follows:

	At 1.3.2020	Number of ordinary shares		At 28.2.2021
		Converted	Sold	
Direct interest:				
Ng Eng Kiat	21,321	-	-	21,321
Yuro Kisaka	82,080	-	-	82,080
Dato' Md Kamal bin Ismaun	9,000	1,637	-	10,637
Datin Yasmin Ahmad Merican	20,000	-	-	20,000
Lee Tyan Jen	35,661	6,596	-	42,257
	At 1.3.2020	Number of ICULS		At 28.2.2021
		Bought	Converted	
Direct interest:				
Dato' Md Kamal bin Ismaun	18,000	-	(18,000)	-
Lee Tyan Jen	72,500	-	(72,500)	-

None of the other directors in office at end of the financial year hold shares or had beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.



DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.



DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Continued)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

In the opinion of the Directors:

- (i) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects of the COVID-19 pandemic and related support measures as disclosed in Note 4 and Note 22 to the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the Company's operations for the financial year in which this report is made.

INDEMNITY AND INSURANCE COSTS

The Company maintains Directors' and Officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors of the Company. The amount of insurance coverage and premium paid for Directors and Officers of the Company during the year amounted to RM10,000,000 and RM28,700 respectively.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

HOLDING COMPANIES

The immediate and ultimate holding companies are AEON Financial Service Co., Ltd. and AEON Co., Ltd. respectively. Both companies were incorporated in Japan and are listed on the Tokyo Stock Exchange.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 28 February 2021 is as disclosed in Note 25 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

NG ENG KIAT

YURO KISAKA

Kuala Lumpur
4 May 2021



INDEPENDENT AUDITORS' REPORT

To the Members of AEON Credit Service (M) Berhad
 (Incorporated in Malaysia)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **AEON CREDIT SERVICE (M) BERHAD**, which comprise the statement of financial position of the Company as at 28 February 2021, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 93 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 28 February 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the Members of AEON Credit Service (M) Berhad
(Incorporated in Malaysia)

KEY AUDIT MATTERS (Continued)

Key Audit Matter	Our audit performed and responses thereon
<p><i>Impairment of financing receivables</i></p> <p>As at February 2021, financing receivables stand at RM9,236,046,000 (2020: RM9,704,121,000) representing 90.3% (2020: 93.0%) of total assets of the Company. MFRS 9 requires such financing receivables to be measured using expected credit losses (ECL) model.</p> <p>The measurement of ECL is complex and requires the application of significant judgement which includes the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models such as the expected future cash flows, time value of money, forward-looking macroeconomic factors and probability-weighted multiple scenarios.</p> <p>Refer to the significant accounting policy in Note 3 to the financial statements, the disclosure of financing receivables in Note 9 to the financial statements and the disclosure of credit risk in Note 32 to the financial statements.</p>	<p>Our audit procedures included, among others:</p> <p>Evaluation of the design and implementation of key controls over impairment of financing receivables, including the governance over the ECL methodology and model development.</p> <p>Involved financial risk specialists to;</p> <ul style="list-style-type: none"> • assess whether the Company's ECL model on financing receivables is in accordance with MFRS 9. The assessment includes assessment of significant assumptions and considerations applied by the Company in the ECL model to address the requirements of MFRS 9 such as criteria for significant deterioration in credit quality, expected future cash flows, time value of money, forward-looking macroeconomic factors and probability-weighted multiple scenarios; recompute the Company's provision for impairment based on the Company's ECL model and compare against the impairment of financing receivables recorded by the Company; and • assess the reasonableness and test the identification and calculation of the overlay adjustments to the ECL due to the impact of COVID-19. <p>Test the inputs into the ECL model developed to ensure accuracy and completeness of inputs using computer assisted audit techniques.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the Members of AEON Credit Service (M) Berhad
(Incorporated in Malaysia)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITORS' REPORT

To the Members of AEON Credit Service (M) Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
AF 0080
Chartered Accountants

WONG KAR CHOON
Partner - 03153/08/2022 J
Chartered Accountant

4 May 2021

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

	Note	2021 RM'000	2020 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	5	137,843	141,161
Right-of-use assets	6	53,535	70,997
Investments	7	27,645	48,699
Deferred tax assets	8	247,816	213,801
Financing receivables	9	6,302,925	6,265,390
Total Non-current Assets		6,769,764	6,740,048
Current Assets			
Financing receivables	9	2,933,121	3,438,731
Other receivables, deposits and prepayments	10	63,375	83,564
Amount owing by related companies	28	25,612	10,706
Derivative financial assets	11	-	28,810
Cash, bank balances and deposits	12	439,549	132,798
Total Current Assets		3,461,657	3,694,609
TOTAL ASSETS		10,231,421	10,434,657
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	584,012	565,448
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") equity	21	-	14,107
Hedging reserve	14	(128,262)	(115,870)
Fair value reserve	15	6,517	27,571
Retained earnings	16	1,230,925	1,066,103
Equity attributable to ordinary equity holders of the Company		1,693,192	1,557,359
Perpetual notes and sukuk	17	200,000	200,000
Total Equity		1,893,192	1,757,359
Non-current Liabilities			
Borrowings	18	6,542,946	5,597,516
Lease liabilities	6	35,801	52,037
Total Non-current Liabilities		6,578,747	5,649,553
Current Liabilities			
Borrowings	18	1,119,964	2,600,152
Trade payables	19	21,163	32,913
Other payables and accruals	20	226,847	204,348
Amount owing to immediate holding company	28	6,586	6,978
Amount owing to related companies	28	20,267	5,702
Derivative financial liabilities	11	281,903	132,577
Lease liabilities	6	18,230	19,140
Tax liabilities		64,522	25,305
ICULS liabilities	21	-	630
Total Current Liabilities		1,759,482	3,027,745
Total Liabilities		8,338,229	8,677,298
TOTAL EQUITY AND LIABILITIES		10,231,421	10,434,657

The accompanying notes form an integral part of the financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	2021 RM'000	2020 RM'000
Interest income, profit revenue and finance charges		1,403,762	1,404,372
Fee income		157,898	194,403
Revenue	22	1,561,660	1,598,775
Staff costs	23	(198,002)	(250,085)
Depreciation of plant and equipment		(49,083)	(45,353)
Operating expenses		(625,502)	(629,643)
Allowance for impairment loss on financing receivables		(151,577)	(103,952)
Other income		145,284	145,921
Profit from operations		682,780	715,663
Finance cost	24	(357,873)	(325,222)
Profit before tax	25	324,907	390,441
Taxation	26	(90,950)	(98,395)
Profit for the financial year		233,957	292,046
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Net changes in cash flow hedge		(12,392)	(94,379)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Net fair value changes on investments at fair value through other comprehensive income		(21,054)	(9,991)
Total other comprehensive income for the financial year		(33,446)	(104,370)
Total comprehensive income for the year		200,511	187,676
Profit attributable to equity holders of the Company		233,957	292,046
Total comprehensive income attributable to equity holders of the Company		200,511	187,676
Earnings per ordinary share attributable to owners of the Company (sen)			
Basic	27	87.67	107.48

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

Note	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	ICULS equity RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 March 2019	534,907	43,800	376,000	(21,491)	37,528	904,237	1,874,981
Cash flow hedge, net of tax	-	-	-	(94,379)	-	-	(94,379)
Fair value through other comprehensive income	-	-	-	-	(9,991)	-	(9,991)
Profit for the year	-	-	-	-	-	292,046	292,046
Total comprehensive income for the year	-	-	-	(94,379)	(9,991)	292,046	187,676
Conversion of ICULS	21 30,541	(29,646)	-	-	-	-	895
Deferred tax effects on ICULS	21 -	(47)	-	-	-	-	(47)
Redemption of perpetual notes	17 -	-	(176,000)	-	-	-	(176,000)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(17,645)	(17,645)
Dividends	29 -	-	-	-	-	(112,501)	(112,501)
Transfer upon the disposal of equity investment designated at fair value through other comprehensive income	-	-	-	-	34	(34)	-
At 29 February 2020	565,448	14,107	200,000	(115,870)	27,571	1,066,103	1,757,359
At 1 March 2020	565,448	14,107	200,000	(115,870)	27,571	1,066,103	1,757,359
Cash flow hedge, net of tax	-	-	-	(12,392)	-	-	(12,392)
Fair value through other comprehensive income	-	-	-	-	(21,054)	-	(21,054)
Profit for the year	-	-	-	-	-	233,957	233,957
Total comprehensive income for the year	-	-	-	(12,392)	(21,054)	233,957	200,511
Conversion of ICULS	21 18,564	(14,101)	-	-	-	-	4,463
Deferred tax effects on ICULS	21 -	(6)	-	-	-	-	(6)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(10,136)	(10,136)
Dividends	29 -	-	-	-	-	(58,999)	(58,999)
At 28 February 2021	584,012	-	200,000	(128,262)	6,517	1,230,925	1,893,192

The accompanying notes form an integral part of the financial statements.



STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		324,907	390,441
Adjustments for:			
Interest/profit income from deposits with licensed financial institutions		(4,842)	(2,043)
Gain on disposal of plant and equipment		(131)	(321)
Finance costs		355,056	322,358
Interest expense on lease liabilities		2,817	2,864
Depreciation of plant and equipment		49,083	45,353
Depreciation of right-of-use assets		22,009	19,581
Impairment loss on financing receivables		508,422	450,313
Write-off of plant and equipment		2,410	411
Operating Profit Before Changes in Working Capital		1,259,731	1,228,957
Changes in working capital:			
Financing receivables		(40,347)	(2,048,655)
Other receivables, deposits and prepayments		20,192	5,539
Amount owing by related companies		(14,906)	(4,637)
Trade payables		(11,750)	5,881
Other payables and accruals		21,266	28,424
Amount owing to immediate holding company		(392)	61
Amount owing to related companies		14,565	(60)
Cash held in trust for customers		(13,451)	(10,349)
Cash held in trust for a related company		1,841	3,110
Cash Generated From/(Used In) Operations		1,236,749	(791,729)
Tax paid		(78,642)	(119,157)
Net Cash From/(Used In) Operating Activities		1,158,107	(910,886)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(48,206)	(68,257)
Proceeds from disposal of plant and equipment		162	329
Proceeds from disposal of an investment		-	63
Interest/profit income from deposits with licensed financial institutions received		4,842	2,043
Net Cash Used In Investing Activities		(43,202)	(65,822)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (Continued)

	Note	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to equity holders of the Company		(58,999)	(112,501)
Proceeds from bank borrowings		4,047,000	9,898,129
Repayment of bank borrowings		(4,375,630)	(8,262,215)
Coupon payment of ICULS		(636)	(1,698)
Distribution paid to perpetual notes and sukuk holders		(13,337)	(23,217)
Repayment of lease liabilities		(24,511)	(22,265)
Redemption of perpetual notes		-	(176,000)
Decrease/(Increase) in deposit held in trust account		28	(63)
Finance costs paid		(349,353)	(315,403)
Net Cash (Used In)/From Financing Activities		(775,438)	984,767
NET INCREASE IN CASH AND CASH EQUIVALENTS		339,467	8,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		66,488	58,429
CASH AND CASH EQUIVALENTS AT END OF YEAR	(i)	405,955	66,488

(i) *Cash and cash equivalents*

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	2021 RM'000	2020 RM'000
Cash and bank balances	12	112,334	114,865
Deposits placed with licensed financial institutions	12	327,215	17,933
		439,549	132,798
Cash held in trust for customers	12	(33,432)	(19,981)
Deposit held in trust account	12	(162)	(190)
Bank overdrafts	18	-	(44,298)
Cash held in trust for a related company	12	-	(1,841)
		405,955	66,488



STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (Continued)

(ii) *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities:

	Borrowings (Note 18)	
	2021	2020
	RM'000	RM'000
At beginning of year	8,197,668	6,430,012
(Repayments)/Drawdowns of bank overdraft	(44,298)	25,008
Proceeds from borrowings	4,047,000	9,898,129
Repayments of borrowings	(4,375,630)	(8,262,215)
Foreign exchange movement	(161,830)	106,734
At end of year	7,662,910	8,197,668

Included in the proceeds from borrowings and repayment of borrowings are the issuance of Islamic commercial paper of RM830,000,000 (2020: RM5,540,000,000) and redemption of Islamic commercial paper of RM1,490,000,000 (2020: RM5,030,000,000) respectively, which are on short term and clean basis.

The accompanying notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of payment cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at Level 18, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The immediate and ultimate holding companies are AEON Financial Service Co., Ltd. and AEON Co., Ltd. respectively. Both companies were incorporated in Japan and are listed on the Tokyo Stock Exchange.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 4 May 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand (RM'000 or '000), unless otherwise stated.

Adoption of Amendments to MFRSs

In the current financial year, the Company adopted all the Amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for financial periods commencing on or after 1 March 2020.

Amendments to References to the Conceptual Framework in MFRSs
 Amendments to MFRS 3 *Definition of a Business*
 Amendments to MFRS 101 and MFRS 108 *Definition of Material*
 Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

The adoption of these Amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Company in the current financial year and previous financial years.



NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

New and Revised Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant Amendments to MFRSs, which were in issue but not yet effective and not early adopted by the Company are as listed below:

Effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16 *COVID-19 Related Rent Concessions*

Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRSs *Annual Improvements to MFRSs Standards 2018 - 2020*
- Amendments to MFRS 3 *Reference to Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts – Costs of Fulfilling a Contract*

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 101 *Classification of Current and Non-current*

The Company will adopt the above Amendments when they become effective and it is expected that the adoption of these Amendments will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the significant accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability on the same basis market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for any share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;
- Level 2 are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 are unobservable inputs for the asset or liability.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below:

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with a customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company’s customary business practices.

(i) Interest income/profit revenue and finance charges from easy payment schemes, personal financing schemes and credit card business

Interest income/profit revenue and finance charges from easy payment schemes, personal financing schemes and credit card business are recognised in profit or loss using the Effective Interest/Profit Rate (“EIR”) method.

EIR is a method of calculating the amortised cost of financing receivables and of allocating the corresponding interest income/profit revenue and finance charges over the relevant year. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financing receivable or, when appropriate, a shorter year to the net carrying amount of the financing receivables.

(ii) Fee income from easy payment schemes, personal financing schemes, credit card business and extended warranty program

Fee income from easy payment schemes and personal financing schemes comprise late payment/penalty charges, processing fees and credit recovery charges. Fee income from credit card business comprises credit recovery charges, cash advance fees, transaction charges, annual fees, merchant commission and Visa/MasterCard interchange fees. Fee income from extended warranty program comprise commission earned for referral of extended warranty program.

Fee income is generally recognised when the relevant performance obligation has been fulfilled.

Employee benefits

(a) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences for paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Company is required by law to make monthly contributions to the Employees Provident Fund (“EPF”), a statutory defined contribution plan, for all its eligible employees based on certain prescribed rates of the employees’ salaries. The Company’s contributions to EPF are disclosed separately. The employees’ contributions to EPF are included in staff costs.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions

The financial statements of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Income tax

Income tax expense comprises current and deferred tax.

Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited directly in other comprehensive income or to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, by the weighted average number of ordinary shares outstanding. Ordinary shares that would be issued upon conversion of a mandatorily convertible instrument are included in the weighted average number of ordinary shares from the date of issuance of the instrument.

Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset that may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone price.

(ii) Recognition and initial measurement

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) Recognition and initial measurement (Continued)

Company as a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments less any incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Company is reasonably certain to exercise the option; and
- Payments of penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term.

(iii) Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(ii) Depreciation

Depreciation is calculated based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal annual rates are as follows:

Office equipment	4 years
Computer equipment and software	2 - 5 years
Motor vehicles	5 years
Furniture and fittings	2 - 4 years
Renovation	4 - 5 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at end of each reporting period.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

A financial asset is initially measured at fair value plus or minus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

(ii) Classification and subsequent measurement

The Company has applied MFRS 9 and classifies its financial assets in the following measurement categories – amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The financial assets are not subsequently reclassified unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Financial assets are measured at amortised cost if the financial assets are held within a business model whose objective is to collect contractual cash flows and its contractual terms give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the EIR method. Interest income/profit revenue and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Classification and subsequent measurement (Continued)

(b) FVTOCI

The Company designated all investments in equity instruments that are not held for trading as financial assets measured at FVTOCI on initial recognition. Investments in equity instruments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

(c) FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

(iii) Derecognition of financial assets

(a) Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a financing to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financing, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financing are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a financing to a customer, amongst others, the Company consider the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the customer is expected to be able to pay;
- Significant extension of the financing term when the customer is not in financial difficulty; and
- Significant change in the interest/profit rate.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(iii) Derecognition of financial assets (Continued)

(b) Derecognition other than for substantial modification

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

Under MFRS 9, impairment model requires the recognition of expected credit loss ("ECL") for all financial assets, except for financial assets classified or designated as FVTPL and equity instruments classified under FVTOCI, which are not subject to impairment assessment.

The Company assesses ECL associated with its debt instrument assets carried at amortised cost. The Company recognises a loss allowance for such losses at the end of each reporting period. The measurement of ECL reflects an unbiased amount that is determined by reasonable as well as supportable information that is available without undue cost or effort at the end of the reporting period about past events and current conditions.

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

(i) Stage 1: 12-month ECL - not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL - not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

(iii) Stage 3: Lifetime ECL - credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

The measurement of ECL is a function of the probability of default ("PD"), loss given default ("LGD") (i.e. the magnitude of the loss if there is a default) and the exposure at default ("EAD"). The assessment of the PD and LGD are based on the Company's historical experience and informed credit assessment with consideration of forward-looking information described below.

As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the customers, and other relevant forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

In the measurement of ECL, forward-looking adjustment is in accordance with the expected future macroeconomic conditions, including combination of statistical analysis and expert judgements based on the availability of detailed information. In addition, key macroeconomic variables encompassed in ECL measurement include probability-weighted scenarios based on available forecasts.

Significant increase in credit risk

At the end of each reporting period, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Company considers both quantitative information and analysis based on the Company's historical experience.

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on a basis of shared credit risk characteristics, taking into account the collection mode, disbursement period and other relevant factors.

If, in a subsequent period, the asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance for that financial asset reverts from lifetime ECL to 12-month ECL.

The Company determines whether a significant increase in credit risk has occurred based on number of days past due since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company presumes that the credit risk of a borrower has increased significantly since initial recognition when contractual payment are more than 30 days past due.

Credit impaired (default)

At each reporting date, the Company assesses whether financial assets at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows on the financial assets have occurred.

The Company considers a financial asset to be in default when the principal or interest/profit or both the financing is past due for more than 90 days.

Forward-looking information

Forward-looking information considered include the future prospects of the industries in which the Company's customers work in, obtained from reports of economic experts, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Write-offs

The Company write-offs a financial asset when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities at "FVTPL" or "other financial liabilities".



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

The EIR method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the differences in the respective carrying amount is recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

The Company subsequently measure all equity investments at fair value. Where the Company's management has made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

(a) Perpetual notes

Perpetual notes are classified as equity when there is no contractual obligation to redeem the instrument. Distributions on perpetual notes are recognised in equity in the year in which they are paid. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(b) Perpetual sukuk

Perpetual sukuk is classified as equity when there is no contractual obligation to redeem the instrument. Distributions on perpetual sukuk are recognised in equity in the year in which they are paid. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(c) Share capital

Ordinary shares are classified as equity instruments. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Distributions to holders of ordinary shares are debited directly to equity and interim dividends declared on or before the end of the reporting date are recognised as liabilities. Final dividends are recognised upon the approval of shareholders in a general meeting.

Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of ICULS that exhibits characteristics of a liability is recognised as a financial liability in the statement of financial position.

The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instruments.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Continued)

The interest on ICULS are recognised as finance cost in the profit or loss using the EIR method.

The fair value of the equity component represented by the conversion option is determined by deducting fair value of the liability component from the notional amount of the loan stocks and is included in equity.

Derivative instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign currency forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable in a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents comprise cash and bank balances, deposits placed with licensed banks and short-term highly liquid investments which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, cash held in trust of a related party and customers.

Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Company's best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of the reporting period, provisions are reviewed and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Company will be required to settle the obligation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 3, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Impairment loss on financing receivables (Note 9)

The expected credit loss for measurement of impairment losses under MFRS 9 requires judgement. The impairment losses computed based on ECL models are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgements are also required in applying the accounting requirements for measuring impairment losses, such as determining criteria for significant increase in credit risk, choosing the appropriate models, determining the suitability of forward-looking information and the number of probability weighting outcome scenarios.

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in light of prevalent uncertainties pertaining to the on-going COVID-19 pandemic, management judgement and overlays have been applied to determine an adequate overall level of ECL for the financial year ended and as at 28 February 2021. These overlays took into consideration the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures offered to customers are expiring in 2021. The overlays involved a significant level of judgement and reflect the management's views of possible effects of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

Customers who have received repayment supports remain in their existing delinquency stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The impact of these overlays were estimated at portfolio level, remain outside the core MFRS 9 process and amounting to RM59,942,000 of the Company's ECL on financing receivables as at 28 February 2021.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(ii) Deferred tax assets (Note 8)

The Company assesses at the end of the reporting period whether there is probable and sufficient future taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Fair value estimation of financial instruments (Note 7 and Note 11)

The fair value of financial instruments measured at fair value is determined using a variety of valuation techniques. The Company generally uses widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, discount rates, growth rates and cash flow projections.

5. PLANT AND EQUIPMENT

	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 March 2019	6,506	188,831	3,405	15,577	48,009	2,626	264,954
Additions	1,105	28,736	-	365	273	37,778	68,257
Disposals	(2)	-	(911)	-	-	-	(913)
Write-off	(295)	(979)	-	(406)	(1,165)	-	(2,845)
Reclassification	246	15,170	-	775	7,136	(23,327)	-
At 29 February 2020/ 1 March 2020	7,560	231,758	2,494	16,311	54,253	17,077	329,453
Additions	1,712	14,647	-	318	500	31,029	48,206
Disposals	(76)	(23)	(469)	(109)	-	-	(677)
Write-off	(323)	(3,563)	-	(149)	(2,189)	-	(6,224)
Reclassification	-	9,179	-	191	1,624	(10,994)	-
At 28 February 2021	8,873	251,998	2,025	16,562	54,188	37,112	370,758
Accumulated Depreciation							
At 1 March 2019	3,904	110,927	2,497	5,970	22,980	-	146,278
Charge for the year	1,126	28,381	380	5,834	9,632	-	45,353
Disposals	(1)	-	(904)	-	-	-	(905)
Write-off	(253)	(793)	-	(332)	(1,056)	-	(2,434)
Reclassification	(25)	-	-	(131)	156	-	-
At 29 February 2020/ 1 March 2020	4,751	138,515	1,973	11,341	31,712	-	188,292
Charge for the year	1,240	33,467	174	3,785	10,417	-	49,083
Disposals	(50)	(23)	(469)	(104)	-	-	(646)
Write-off	(308)	(1,724)	-	(136)	(1,646)	-	(3,814)
Reclassification	-	-	-	(20)	20	-	-
At 28 February 2021	5,633	170,235	1,678	14,866	40,503	-	232,915
Carrying amounts							
At 29 February 2020	2,809	93,243	521	4,970	22,541	17,077	141,161
At 28 February 2021	3,240	81,763	347	1,696	13,685	37,112	137,843



NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

	Buildings RM'000	Computer equipment RM'000	Total RM'000
Cost			
At 1 March 2019	67,550	-	67,550
Additions	9,231	13,797	23,028
At 29 February 2020/1 March 2020	76,781	13,797	90,578
Additions	3,786	2,668	6,454
Termination	(2,215)	-	(2,215)
At 28 February 2021	78,352	16,465	94,817
Accumulated depreciation			
At 1 March 2019	-	-	-
Charge for the year	19,347	234	19,581
At 29 February 2020/1 March 2020	19,347	234	19,581
Charge for the year	17,649	4,360	22,009
Termination	(308)	-	(308)
At 28 February 2021	36,688	4,594	41,282
Carrying amounts			
At 29 February 2020	57,434	13,563	70,997
At 28 February 2021	41,664	11,871	53,535

The Company leases several assets including buildings and computer equipment. The lease terms range from one to five years (2020: one to six years).

The lease liabilities component is analysed as follows:

	2021 RM'000	2020 RM'000
Non-current	35,801	52,037
Current	18,230	19,140
	54,031	71,177

The maturity analysis of lease liabilities is presented in Note 32.

The following are amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
Depreciation of right-of-use assets (Note 25)	22,009	19,581
Interest expense on lease liabilities (Note 24)	2,817	2,864
Expenses relating to short-term leases (Note 25)	5,119	5,014
Expenses relating to leases of low value assets (Note 25)	4,505	6,078

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS

	2021 RM'000	2020 RM'000
Fair value through other comprehensive income		
Equity ownership in foreign corporations:		
Unquoted shares (Note 33)	27,645	48,699

Details of the investments are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2021	2020
			%	%
AEON Credit Service (Philippines) Inc. ("ACSP")	Philippines	Provision of financial services	5	5
AEON Credit Service India Private Limited ("ACSI")	India	Provision of non-banking financial services	6	7
PT. AEON Credit Service Indonesia ("ACSID")	Indonesia	Provision of financial services	5	5

The Company designated these investments as FVTOCI because it does not have influence over their activities and distribution policies. The Company intends to hold its interest for long-term strategic purposes.

On 28 January 2021, ACSI increased its authorised and paid up share capital from INR2,500,000,000 to INR3,200,000,000 following a shareholding restructuring. Consequently, the effective equity interest of the Company decreased from 7% to 6%.

In the previous financial year, the Company converted all of its 209,000 ACSP's preference shares of PHP1,000 each held into 209,000 ordinary shares with par value of PHP1,000 each. Subsequently, ACSP has also increased its authorised and paid up share capital from PHP500,000,000 to PHP3,500,000,000 following a shareholding restructuring. Consequently, the effective equity interest of the Company decreased from 10% to 5%.

On 1 August 2019, the Company sold its shares in AEON Credit Service Systems (Philippines) Inc. for a cash consideration of PHP753,850, equivalent to RM63,000. Prior to the disposal, the fair value of investment was RM854,000 and a fair value loss of RM791,000 was recognised in fair value reserve. The net loss of RM34,000 on disposal was recognised in equity for the previous financial year.

8. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are in respect of the tax effect of the following:

	2021 RM'000	2020 RM'000
Plant and equipment	(8,748)	(7,059)
Hedging reserve	40,496	36,585
Impairment loss on financing receivables	160,680	131,192
Recognition of interest income/profit revenue	45,970	42,086
Provision for bonus and others	9,299	11,160
ICULS	-	6
Leases	119	(169)
Net deferred tax assets	247,816	213,801

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS (Continued)

Movement in temporary differences during the year

	At 1 March 2019 RM'000	Recognised in profit or loss (Note 26) RM'000	Recognised in other comprehensive income RM'000	Recognised in ICULS equity RM'000	At 29 February 2020 RM'000
Plant and equipment	(3,899)	(3,160)	-	-	(7,059)
Hedging reserve	6,780	-	29,805	-	36,585
Impairment loss on financing receivables	118,020	13,172	-	-	131,192
Recognition of interest income/profit revenue	36,512	5,574	-	-	42,086
Provision for bonus and others	8,301	2,859	-	-	11,160
ICULS	53	-	-	(47)	6
Investments	(11,851)	-	11,851	-	-
Leases	-	(169)	-	-	(169)
	153,916	18,276	41,656	(47)	213,801

	At 1 March 2020 RM'000	Recognised in profit or loss (Note 26) RM'000	Recognised in other comprehensive income RM'000	Recognised in ICULS equity RM'000	At 28 February 2021 RM'000
Plant and equipment	(7,059)	(1,689)	-	-	(8,748)
Hedging reserve	36,585	-	3,911	-	40,496
Impairment loss on financing receivables	131,192	29,488	-	-	160,680
Recognition of interest income/profit revenue	42,086	3,884	-	-	45,970
Provision for bonus and others	11,160	(1,861)	-	-	9,299
ICULS	6	-	-	(6)	-
Leases	(169)	288	-	-	119
	213,801	30,110	3,911	(6)	247,816

NOTES TO THE FINANCIAL STATEMENTS

9. FINANCING RECEIVABLES

	2021 RM'000	2020 RM'000
Total gross financing receivables	13,292,200	13,968,436
Less: Unearned carrying charges	(3,214,042)	(3,573,780)
	10,078,158	10,394,656
Less: Allowance for impairment loss	(842,112)	(690,535)
	9,236,046	9,704,121
Less: Non-current financing receivables	(6,302,925)	(6,265,390)
Current financing receivables	2,933,121	3,438,731

Movements in allowance for impairment which reflects the ECL model on impairment are as follows:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 March 2019	202,886	140,631	243,066	586,583
- Transfers to Stage 1	15,610	(10,566)	(5,044)	-
- Transfers to Stage 2	(30,560)	46,595	(16,035)	-
- Transfers to Stage 3	(5,975)	(5,659)	11,634	-
	(20,925)	30,370	(9,445)	-
Net measurement of allowances	(3,160)	15	457,156	454,011
Changes to models/risk parameters	(5,466)	17,303	(49,509)	(37,672)
Written off	-	-	(346,361)	(346,361)
New financial assets originated	123,375	38,654	53,465	215,494
Financial assets derecognised	(31,630)	(42,980)	(106,910)	(181,520)
At 29 February 2020	265,080	183,993	241,462	690,535
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 March 2020	265,080	183,993	241,462	690,535
- Transfers to Stage 1	76,282	(63,582)	(12,700)	-
- Transfers to Stage 2	(14,740)	24,075	(9,335)	-
- Transfers to Stage 3	(6,517)	(25,504)	32,021	-
	55,025	(65,011)	9,986	-
Net measurement of allowances	(120,390)	112,367	474,682	466,659
Changes to models/risk parameters	41,765	33,391	19,067	94,223
Written off	-	-	(356,845)	(356,845)
New financial assets originated	73,080	27,657	46,585	147,322
Financial assets derecognised	(28,984)	(49,484)	(121,314)	(199,782)
At 28 February 2021	285,576	242,913	313,623	842,112

Included in gross financing receivables are:

- An amount of RM8,942,127,000 (2020: RM9,073,145,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles; and
- An amount of RM6,771,000 (2020: RM9,278,000) owing by related companies which is subject to normal trade terms.



NOTES TO THE FINANCIAL STATEMENTS

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM'000	2020 RM'000
Other receivables	25,763	25,899
Deposits	8,444	8,335
Prepayments	29,168	49,330
	63,375	83,564

11. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2021		2020	
	Notional value RM'000	Assets/ (Liabilities) RM'000	Notional value RM'000	Assets/ (Liabilities) RM'000
Derivatives used for hedging				
- Cross currency swaps	-	-	280,078	28,810
- Cross currency swaps	3,674,492	(281,903)	3,225,789	(132,577)

Cross currency swaps are used to manage the foreign currency and interest rate exposures arising from borrowings denominated in foreign currency.

12. CASH, BANK BALANCES AND DEPOSITS

	2021 RM'000	2020 RM'000
Cash and bank balances	112,334	114,865
Deposits placed with licensed financial institutions	327,215	17,933
	439,549	132,798

Included in cash, bank balances and deposits are the following:

	2021 RM'000	2020 RM'000
Cash held in trust for customers in relation to a trust fund for E-money	33,432	19,981
Deposit held in trust account with licensed banks	162	190
Cash held in trust for a related company in relation to a trust fund management for a loyalty points programme by the Company	-	1,841
	33,594	22,012

13. SHARE CAPITAL

	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At 1 March	253,619	250,840	565,448	534,907
Conversion of ICULS (Note 21)	1,689	2,779	18,564	30,541
At 28/29 February	255,308	253,619	584,012	565,448

NOTES TO THE FINANCIAL STATEMENTS

14. HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to borrowings denominated in foreign currency.

15. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at FVTOCI until the investments are derecognised or impaired.

16. RETAINED EARNINGS

The Company is currently under the single-tier income tax system in accordance with Finance Act 2007 and accordingly, the entire retained earnings of the Company is available for distribution under the single-tier income tax system.

17. PERPETUAL NOTES AND SUKUK

	2021 RM'000	2020 RM'000
Perpetual notes	100,000	100,000
Perpetual sukuk	100,000	100,000
	200,000	200,000

(a) Perpetual notes

On 10 December 2018, the Company issued an unrated subordinated perpetual notes ("perpetual notes") with nominal value of RM100,000,000 with a tenure of 5 years under the Perpetual Private Debt Securities Programme of up to RM400,000,000 in nominal value which was established on 29 October 2013.

The salient features of the perpetual notes issued are as follows:

- (i) The distribution rate for the year for five (5) years from issuance date is 6.65% (2020: 6.65%) per annum, with distributions to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual notes are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual notes on the date of the fifth anniversary from the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual notes earlier upon the occurrence of deferred accounting event, tax event, privatisation defined event and shareholder event;
- (vi) The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual notes do not have any voting rights in the Company; and
- (viii) The perpetual notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.



NOTES TO THE FINANCIAL STATEMENTS

17. PERPETUAL NOTES AND SUKUK (Continued)

(b) Perpetual sukuk

On 10 December 2018, the Company issued an unrated subordinated Islamic Perpetual Sukuk ("perpetual sukuk") with nominal value of RM100,000,000 with a tenure of 5 years based on the Shariah principles of Musharakah and Musawamah of up to RM400,000,000 in nominal value which was established on 6 November 2013.

The salient features of the perpetual sukuk issued are as follows:

- (i) The distribution rate for the year for five (5) years from issuance date is 6.65% (2020: 6.65%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual sukuk are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual sukuk on the date of the fifth anniversary from the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual sukuk earlier upon the occurrence of defined accounting event, tax event, privatisation defined event and shareholder event;
- (vi) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (viii) The perpetual sukuk rank ahead of the Company's ordinary share capital and rank junior to the claims of all present and future creditors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS

	Note	2021 RM'000	2020 RM'000
Non-current (Unsecured)			
Term loans/financing	(a)	5,844,528	5,098,913
Senior sukuk	(b)	498,771	498,603
Subordinated sukuk	(b)	199,647	-
		6,542,946	5,597,516
Current (Unsecured)			
Term loans/financing	(a)	1,119,964	1,896,954
Bank overdraft	(a)	-	44,298
Islamic commercial paper	(a)	-	658,900
		1,119,964	2,600,152
		7,662,910	8,197,668

The currency profile of borrowings is as follows:

	2021 RM'000	2020 RM'000
Ringgit Malaysia	3,988,418	4,691,801
United States Dollar ("USD")	3,674,492	3,505,867
	7,662,910	8,197,668

(a) Bank overdraft, Islamic commercial paper and term loans/financing

The bank overdraft, Islamic commercial paper and term loans/financing are provided on clean basis.

The long term loans/financing are granted for tenure ranging from two to seven years and are repayable by way of bullet payment upon expiry of the term loans/financing.

As at 28 February 2021, the Company has banking facilities totaling RM12,378,000,000 (2020: RM12,045,000,000) obtained from licensed banks and financial institutions.

(b) Senior sukuk/Subordinated sukuk

On 17 December 2019, the Company lodged the Sukuk Wakalah Programme ("sukuk programme") with the Securities Commission Malaysia. The sukuk programme, under the Shariah principles of Wakalah Bi-Al Istithmar and Murabahah (via a Tawarruq arrangement), provides the Company with the flexibility to issue both senior sukuk and/or subordinated sukuk from time to time, subject to the aggregate outstanding nominal amount of the senior sukuk and/or subordinated sukuk not exceeding RM2,000,000,000 at any point in time.

(i) Senior sukuk

On 10 February 2020, the Company completed the issuance of two (2) tranches of senior sukuk under the sukuk programme with a nominal value of RM300,000,000 and RM200,000,000 with tenures of seven (7) years and eight (8) years, respectively, as follows:

Tranche	Principal RM'000	Maturity date	Profit rate	Profit payment
1	300,000	10 February 2027	3.80% per annum	Payable semi-annually in arrears
2	200,000	10 February 2028	3.85% per annum	Payable semi-annually in arrears



NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS (Continued)

(b) Senior sukuk/Subordinated sukuk (Continued)

(ii) Subordinated sukuk

On 12 March 2020, the Company completed its first issuance of subordinated sukuk under the sukuk programme with a nominal value of RM200,000,000 with a tenure of ten (10) years as follows:

Tranche	Principal RM'000	Maturity date	Profit rate	Profit payment
1	200,000	12 March 2030	3.95% per annum	Payable semi-annually in arrears

19. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 2 to 3 (2020: 2 to 3) days.

20. OTHER PAYABLES AND ACCRUALS

	2021 RM'000	2020 RM'000
Other payables	66,070	45,785
Accruals	160,777	158,563
	226,847	204,348

21. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Equity component RM'000	Liability component RM'000	Total RM'000
At 1 March 2019	43,800	3,230	47,030
Converted into ordinary shares during the year (Note 13)	(29,646)	(895)	(30,541)
Deferred tax effect (Note 8):			
- on conversion	(47)	-	(47)
Over accrual of interest (Note 24)	-	(7)	(7)
Coupon payment of ICULS	-	(1,698)	(1,698)
At 29 February 2020	14,107	630	14,737
At 1 March 2020	14,107	630	14,737
Converted into ordinary shares during the year (Note 13)	(14,101)	(4,463)	(18,564)
Deferred tax effect (Note 8):			
- on conversion	(6)	-	(6)
Interest expense (Note 24)	-	4,469	4,469
Coupon payment of ICULS	-	(636)	(636)
At 28 February 2021	-	-	-

The liability component is as follows:

	2021 RM'000	2020 RM'000
Current	-	630

NOTES TO THE FINANCIAL STATEMENTS

21. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (Continued)

On 21 September 2017, the Company completed a renounceable rights issue of a 3-year, 3.5% ICULS amounting to RM432,000,000 on the basis of two rights ICULS for every one existing share held. The ICULS were listed on Bursa Malaysia on 21 September 2017. The salient features of the ICULS issued were as follows:

- (i) The coupon rate for the ICULS was 3.5% per annum, payable on an annual basis in arrears;
- (ii) The conversion price for the ICULS was fixed at RM10.99 for each new share of the Company and the new shares to be issued rank pari passu with the then existing shares;
- (iii) The ICULS holder was entitled to exercise the right of conversion from date of issuance up to the maturity date; and
- (iv) Any ICULS not converted by the maturity date on 15 September 2020 were mandatorily converted into new shares of the Company on the said date.

During the financial year, 1,688,567 (2020: 2,778,972) new ordinary shares were issued resulting from the conversion of 18,563,472 (2020: 30,541,202) units of ICULS (Note 13).

22. REVENUE

	2021 RM'000	2020 RM'000
Interest income, profit revenue and finance charges	1,403,762	1,404,372
Fee income	157,898	194,403
	1,561,660	1,598,775

Included in the interest income and profit revenue of the Company is a modification loss of RM45,260,000 relating to the several relief measures provided by the Company to assist customers that were affected by COVID-19 pandemic.

The timing of revenue for fee income recognition is as follows:

	2021 RM'000	2020 RM'000
Recognised at point in time	114,202	149,264
Recognised over time	43,696	45,139
	157,898	194,403

Except for fee income from extended warranty program and credit card annual fees, the Company's revenue from contracts with customers are recognised at the point in time as and when the services are rendered.

23. STAFF COSTS

	2021 RM'000	2020 RM'000
Salaries, wages, bonuses and allowances	166,350	209,906
Defined contribution plan	23,548	29,234
Other staff benefits	8,104	10,945
	198,002	250,085



NOTES TO THE FINANCIAL STATEMENTS

24. FINANCE COSTS

	2021 RM'000	2020 RM'000
Interest/profit expense on:		
Bank overdraft	3	169
Islamic commercial paper	5,362	19,085
Revolving credits	3,298	10,303
Term loans/financing	314,955	291,812
Senior sukuk and subordinated sukuk	26,969	996
ICULS interest (Note 21)	4,469	(7)
	355,056	322,358
Interest on lease liabilities	2,817	2,864
	357,873	325,222

25. PROFIT BEFORE TAX

	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging:		
Auditors' remuneration:		
- Audit fees		
- statutory audit	210	190
- assurance and compliance related service	255	345
- Non-audit fees	40	40
Depreciation of plant and equipment (Note 5)	49,083	45,353
Depreciation of right-of-use assets (Note 6)	22,009	19,581
Write-off of plant and equipment (Note 5)	2,410	411
Impairment loss on financing receivables (Note 9)	508,422	450,313
Rental of expenses in respect of:		
- Office premises	5,119	5,014
- Office equipment	4,505	6,078
And after crediting:		
Bad debts recovered	125,241	125,326
Gain on disposal of plant and equipment	131	321
Interest/profit income from deposits with licensed financial institutions	4,842	2,043

Compensation of Key Management Personnel

The remuneration of the Directors during the year are as follows:

	2021 RM'000	2020 RM'000
Directors' remuneration:		
Fees	1,528	1,528
Remuneration	1,361	1,699
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	68	64
	2,957	3,291

NOTES TO THE FINANCIAL STATEMENTS

26. TAXATION

(i) Tax expenses

	2021 RM'000	2020 RM'000
Income tax payable:		
Current year	113,168	120,582
Under/(Over) provision in prior years	7,892	(3,911)
	121,060	116,671
Deferred tax (Note 8):		
Current year	(31,082)	(21,225)
Under provision in prior years	972	2,949
Total tax expenses	(30,110)	(18,276)
	90,950	98,395

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Company is as follows:

	2021 RM'000	2020 RM'000
Profit before tax	324,907	390,441
Tax calculated using Malaysian income tax rate of 24% (2020: 24%)	77,978	93,706
Tax effect of non-deductible expenses	4,108	5,651
	82,086	99,357
Under/(Over) provision in prior years		
- income tax	7,892	(3,911)
- deferred tax	972	2,949
	90,950	98,395
Deferred tax recognised directly in other comprehensive income		
Cash flow hedge reserve	3,911	29,805
Fair value through other comprehensive income	-	11,851

(ii) Material litigation

On 12 December 2017, 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 RM96,820,000.

The said notices of additional assessment were raised by the DGIR among others, pursuant to:

- The DGIR varying the loan transaction collateralised by receivables undertaken by the Company with a local financial institution to that of a sale of receivables. The DGIR did not specify which provision of the Income Tax Act 1967 it is relying on in making this variation.
- The DGIR also raised time barred assessments for the years of assessment 2010 and 2011. The DGIR also did not provide any reason for raising the time barred assessments.
- The DGIR imposed penalties for alleged submission of incorrect returns.



NOTES TO THE FINANCIAL STATEMENTS

26. TAXATION (Continued)

(ii) Material litigation (Continued)

The Company and the DGIR have mutually reached an out of court settlement in relation to the tax appeal lodged by the Company. Pursuant to the Settlement Agreement recorded by both the Company and the DGIR before the Special Commissioners of Income Tax on 4 January 2021, the DGIR agreed to revise the additional taxes payable by the Company from RM96,820,000 to RM10,307,000, inclusive of penalties. The Company has paid the agreed settlement sum of RM10,307,000 and both parties have withdrawn from their respective legal proceedings.

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per share is calculated by dividing the net profit after distribution on perpetual notes and sukuk, by the weighted average number of ordinary shares outstanding during the year.

	2021 RM'000	2020 RM'000
Profit attributable to equity holders	233,957	292,046
Distribution to the holders of perpetual notes and sukuk, net of tax	(10,136)	(17,645)
Profit attributable to ordinary equity holders	223,821	274,401
Weighted average number of ordinary shares ('000 unit)	255,308	255,308
Basic earnings per share (sen)	87.67	107.48

Diluted earnings per ordinary share

Diluted earnings per share is equivalent to the basic earnings per share as there are no potential dilutive ordinary shares.

28. RELATED PARTY DISCLOSURES

Amount owing to immediate holding company, which arose mainly from corporate support fees and payments made on behalf of the Company, is unsecured, interest-free and repayable on demand.

Amount owing by/to related companies, which arose mainly from sales, management fees and payments on behalf, are unsecured, interest-free and repayable on demand.

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTY DISCLOSURES (Continued)

The currency profile of amount owing to immediate holding company and amount owing by/to related companies is as follows:

	2021 RM'000	2020 RM'000
Ringgit Malaysia		
- Amount owing by related companies	25,612	10,706
- Amount owing to immediate holding company	(6,586)	(6,978)
- Amount owing to related companies	(20,267)	(5,702)
	(1,241)	(1,974)

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Company are shown below:

	2021 RM'000	2020 RM'000
Related companies		
AEON CO. (M) BHD.		
Trade		
Customers' transactions via related company		
Sales through easy payment schemes	3,285	5,124
Sales through AEON credit cards	1,061,249	24,730
Sales through E-Money	97,151	47,036
Revenue		
Credit cards commission income	7,593	322
E-Money commission income and processing fees	4,422	-
Non-Trade		
Expenses		
Convertible AEON-card points purchased	-	(1,138)
Office and promotion space rental	(19,456)	(23,138)
AEON Big (M) Sdn. Bhd.		
Trade		
Customers' transactions via related company		
Sales through easy payment schemes	720	3,655
Sales through AEON credit cards	244,170	31,406
Sales through E-Money	16,886	26,706
Revenue		
Loyalty programme processing fee	-	31
Credit cards commission income	1,853	269
E-Money commission income and processing fees	1,795	-
Non-Trade		
Expenses		
Convertible AEON-Big card points	-	(38)
Office and promotion space rental	(7,695)	(17,424)
AEON Credit Service Systems (Philippines) Inc.		
Non-Trade		
Assets		
IT systems development cost	(1,032)	(4,186)



NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTY DISCLOSURES (Continued)

	2021 RM'000	2020 RM'000
AEON Delight (Malaysia) Sdn. Bhd.		
Trade		
Revenue		
Interest income/profit revenue from easy payment scheme	164	237
Non-Trade		
Expenses		
Cleaning services	(647)	(646)
Advertisement space rental	(1,828)	(1,470)
AEON Fantasy (Malaysia) Sdn. Bhd.		
Trade		
Customers' transactions via related company		
Sales through AEON credit cards and E-money	216	-
Provision of financing		
Instalment scheme for purchase of equipment	1,106	5,514
Revenue		
Credit cards commission income	1	-
Interest income/profit revenue from easy payment scheme	304	256
Immediate holding company		
AEON Financial Service Co., Ltd.		
Non-Trade		
Expenses		
Corporate support fees	(12,540)	(12,102)
IT systems development cost	(669)	-

Key management personnel

The remuneration of the key management personnel, including Directors, during the financial year are as follows:

	2021 RM'000	2020 RM'000
Directors' fees	1,528	1,528
Salaries, allowances and bonuses	3,711	4,361
Defined contribution plan	455	343
Other short-term employee benefits	86	252
	5,780	6,484

The above includes Directors' remuneration as disclosed in Note 25.



NOTES TO THE FINANCIAL STATEMENTS

29. DIVIDENDS

Dividends recognised in the current year by the Company are as follow:

	Net dividend per ordinary share sen	Total amount RM'000	Date of payment
2021			
Interim single-tier for 2021	9.20	23,488	5 November 2020
Final single-tier for 2020	14.00	35,511	16 July 2020
		58,999	
2020			
Interim single-tier for 2020	22.25	56,426	7 November 2019
Final single-tier for 2019	22.35	56,075	18 July 2019
		112,501	

After the end of the reporting period, the following dividend was proposed by the Directors:

	Sen per ordinary share	Total amount RM'000
Final single-tier for 2021	20.00	51,062

This dividend will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

30. OPERATING SEGMENTS

The principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles and payment cards business, all of which are categorised under consumer financing business.

On this basis, the Managing Director ("MD") reviews the business performance of the Company as a whole.

Accordingly, the segmental reporting used is equivalent to the presentation reflected in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

31. CAPITAL COMMITMENT

	2021 RM'000	2020 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	79,980	42,883

	Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
Financial liabilities			
Borrowings	(7,662,910)	(7,662,910)	-
Trade payables	(21,163)	(21,163)	-
Other payables and accruals	(226,847)	(226,847)	-
Amount owing to immediate holding company	(6,586)	(6,586)	-
Amount owing to related companies	(20,267)	(20,267)	-
Derivative financial liabilities	(281,903)	-	(281,903)
Lease liabilities	(54,031)	(54,031)	-
	(8,273,707)	(7,991,804)	(281,903)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Categories of Financial Instruments (Continued)

	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
2020				
Financial assets				
Investments	48,699	-	48,699	-
Financing receivables	9,704,121	9,704,121	-	-
Other receivables and deposits	34,234	34,234	-	-
Amount owing by related companies	10,706	10,706	-	-
Cash, bank balances and deposits	132,798	132,798	-	-
Derivative financial assets	28,810	-	-	28,810
	9,959,368	9,881,859	48,699	28,810
Financial liabilities				
Borrowings		(8,197,668)	(8,197,668)	-
Trade payables		(32,913)	(32,913)	-
Other payables and accruals		(204,348)	(204,348)	-
Amount owing to immediate holding company		(6,978)	(6,978)	-
Amount owing to related companies		(5,702)	(5,702)	-
ICULS liabilities		(630)	(630)	-
Derivative financial liabilities		(132,577)	-	(132,577)
Lease liabilities		(71,177)	(71,177)	-
		(8,651,993)	(8,519,416)	(132,577)

The main risks and corresponding management policies arising from the Company's normal course of business are as follows:

(i) Financial risk management objectives and policies

Risk management forms an integral part of the Company's activities and remains an important feature in all its business, operations, delivery channels and decision making processes. The extent to which the Company is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Company's risk management function is independent of its operating units. All new businesses, introduction of new products, engagement in new activities or entry into new strategic alliances are subject to review by the Risk Management Committee ("RMC") and Board Risk Committee ("BRC") prior to Board of Directors ("the Board") approval.

The objectives of the Company's risk management activities are to:

- Identify and monitor the various risk exposure and risk requirements;
- Ensure high risk activities are in accordance with the approved policies and the aggregate risk position is within the risk level approved by the Board; and
- Help to create shareholders value through proper allocation and management of risk, and facilitate the risk assessment of new business and products independently.



NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Risk management framework

The Company employs an Enterprise-wide Risk Management Framework ("ERMF") to manage its risks effectively. The framework involves on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Company through the RMC and subsequently to BRC and Board. This framework provides the Board and management with a tool to anticipate and manage both existing and potential risks, taking into consideration the dynamic risk profiles, as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

(iii) Risk organisation and reporting

The responsibility of risk management lies with the Board. In line with best practices, the Board determines the risk policy objectives for the Company, and assumes responsibility for the supervision of risk management. To this end, the Board is assisted by BRC to provide primary oversight responsibilities on the Company's risk management.

The day-to-day responsibility for risk management and control is delegated to the RMC which undertakes the oversight function for overall risk limit and ensures that the Company is within the risk appetite as established by the Board. The RMC also deliberates the implementation of the ERMF which addresses credit, market, operational and strategic risks within the policies established by the respective business units and recommending policy changes to BRC for review, and subsequently to the Board for approval.

Risk exposures, impact and mitigation measures which cover all areas of risk faced by the Company are reviewed and updated regularly to BRC and the Board to ensure relevance and compliance with current and applicable laws and regulations.

The Company has exposure to the following significant risks in the course of undertaking its ordinary business activities:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Company due to the deterioration in credit worthiness of its borrowers and consequently, their ability to discharge their contractual obligations to the Company. Credit risk remains the most significant risk to which the Company is exposed. The purpose of credit risk management is to manage or maintain credit risk exposure to an acceptable level, in line with the Company's risk appetite and to ensure that the returns commensurate to the risk.

The Company's exposure to credit risk arises principally from its financing receivables from customers, cash, bank balance and deposits, other receivables and amount owing by related companies.

Receivables

(i) Risk management objectives, policies and processes for managing the risk

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit and the credit acceptance procedures are monitored by the management. Collateral is required for the business of financing vehicles, equipment and machineries. Other than this, the Company does not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance business.

The Company conducts regular monitoring on credit exposure trend and portfolio concentration analysis. Asset quality is closely monitored so that deteriorating exposure are identified, analysed and reviewed with relevant business units.



NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(a) Credit risk (Continued)

Receivables (Continued)

(ii) Exposure to credit risk, credit quality and collateral

At end of the reporting period, the Company does not have any significant exposure to any individual customers or industry sector. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with hire purchase financing receivables is mitigated because they are secured over the vehicles, equipment and machineries of customers. The carrying amount of hire purchase financing receivables amounts to RM5,940,014,000 (2020: RM5,926,965,000). There has not been any significant change in the quality of the collateral held for hire purchase financing. The Company recognises a loss allowance for these hire purchase financing receivables based on the ECL model of the Company.

(iii) Credit risk reporting and monitoring

The Company's credit portfolios are monitored through monthly and/or adhoc reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. Credit Policy and Review Department undertakes regular and comprehensive analysis of credit portfolios and reports to the RMC on emerging credit issues.

(iv) Credit risk mitigation

All credit facilities are granted on the credit standing of the borrower, source of repayment, debt servicing ability and the collateral pledged. Personal guarantees are obtained when the borrower's credit worthiness is insufficient to justify granting facilities.

(v) Concentration risk

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company monitors various portfolios to identify and assess risk concentrations. The credit portfolios are monitored and reviewed to identify, assess and guard against unacceptable risk concentrations.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(a) Credit risk (Continued)

Receivables (Continued)

Credit quality and allowance for impairment losses

Staging	Credit quality by days past due	Basis for recognition of ECL provision	Gross receivables RM'000	Allowance for impairment losses RM'000	Net receivables RM'000
2021					
Stage 1	0 to 30	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime.	8,845,075	(285,576)	8,559,499
Stage 2	31 to 60	Lifetime expected losses.	448,287	(129,575)	318,712
	61 to 90		240,356	(113,338)	127,018
Stage 3	More than 90 and restructured	Lifetime expected losses.	688,643	(242,913)	445,730
			544,440	(313,623)	230,817
			10,078,158	(842,112)	9,236,046
2020					
Stage 1	0 to 30	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime.	9,311,314	(265,080)	9,046,234
Stage 2	31 to 60	Lifetime expected losses.	437,552	(104,792)	332,760
	61 to 90		197,246	(79,201)	118,045
Stage 3	More than 90 and restructured	Lifetime expected losses.	634,798	(183,993)	450,805
			448,544	(241,462)	207,082
			10,394,656	(690,535)	9,704,121

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Company has recognised allowance for impairment loss of RM144,106,000 (2020: RM105,684,000) for these renegotiated/restructured financing receivables. The status of net renegotiated/restructured receivables are as follows:

	2021 RM'000	2020 RM'000
Past due 0 to 30 days	136,068	124,227
Past due 31 to 60 days	6,570	9,816
Past due 61 to 90 days	4,321	6,898
Past due more than 90 days	2,885	7,809
	149,844	148,750

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(a) Credit risk (Continued)

Credit quality and allowance for impairment losses (Continued)

Cash, bank balances and deposits

The cash, bank balances and deposits are placed only with reputable licensed banks and financial institutions and have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from sundry receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. At the end of the reporting period, the Company does not consider it necessary to recognise any allowance for impairment losses.

Amount owing by related companies

The Company provides unsecured advances to related companies. The Company monitors the ability of the related companies to repay the advances on an individual basis. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Generally, the Company considers balances with intercompany have low credit risk. At the end of the reporting period, the Company does not recognise any allowance for impairment loss.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Company's liquidity risk management practice is to maintain high quality and well diversified portfolios of liquid assets and source of funds under both normal business and stressed conditions. The Company maintains optimum ratio of long term funding, i.e. debts maturing after 12 months from the end of the reporting period against total debts. This ratio significantly matches the ratio of long term financing receivables determined based on customers' contracted terms of repayment and payment pattern for revolving credit limits granted.

The Treasury unit reviews the asset and liability maturity profile and identifies any maturity mismatch for escalation to the RMC which is responsible for the independent monitoring of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Company and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions. The Company maintains sufficient credit lines to ensure that all current obligations are able to be met. As at 28 February 2021, the Company has unutilised lines of credit amounting to RM4,713,000,000 (2020: RM3,847,000,000) obtained from licensed banks and financial institutions.

The table below summarises the maturity profile of the Company's non-derivative financial assets and non-derivative financial liabilities as at the end of the reporting period based on remaining contractual maturity.



NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(b) Liquidity risk (Continued)

	Average contractual profit/ interest/ coupon rate %	Under 1 year RM'000	1 – 2 years RM'000	More than 2 – 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2021							
Financial assets							
Investments	-	-	-	-	-	27,645	27,645
Financing receivables	17.84	2,933,121	2,059,853	3,427,639	815,433	-	9,236,046
Other receivables and deposits	-	34,207	-	-	-	-	34,207
Amount owing by related companies	-	25,612	-	-	-	-	25,612
Cash and bank balances	-	112,334	-	-	-	-	112,334
Deposits placed with licensed financial institutions	1.90	327,215	-	-	-	-	327,215
Total assets		3,432,489	2,059,853	3,427,639	815,433	27,645	9,763,059
Financial liabilities							
Unsecured term loans/financing	4.35	1,119,964	588,013	3,776,863	1,479,652	-	6,964,492
Senior sukuk/ Subordinated sukuk	3.87	-	-	-	698,418	-	698,418
Trade payables	-	21,163	-	-	-	-	21,163
Other payables and accruals	-	226,847	-	-	-	-	226,847
Amount owing to immediate holding company	-	6,586	-	-	-	-	6,586
Amount owing to related companies	-	20,267	-	-	-	-	20,267
Lease liabilities	4.37	18,230	13,783	22,018	-	-	54,031
Total liabilities		1,413,057	601,796	3,798,881	2,178,070	-	7,991,804
Net liquidity gap		2,019,432	1,458,057	(371,242)	(1,362,637)	27,645	1,771,255

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(b) Liquidity risk (Continued)

	Average contractual profit/ interest/ coupon rate %	Under 1 year RM'000	1 – 2 years RM'000	More than 2 – 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2020							
Financial assets							
Investments	-	-	-	-	-	48,699	48,699
Financing receivables	17.09	3,438,731	2,015,439	3,432,373	817,578	-	9,704,121
Other receivables and deposits	-	34,234	-	-	-	-	34,234
Amount owing by related companies	-	10,706	-	-	-	-	10,706
Cash and bank balances	-	114,865	-	-	-	-	114,865
Deposits placed with licensed financial institutions	2.87	17,933	-	-	-	-	17,933
Total assets		3,616,469	2,015,439	3,432,373	817,578	48,699	9,930,558
Financial liabilities							
Bank overdraft	3.16	44,298	-	-	-	-	44,298
Unsecured term loans/ financing	4.49	1,896,954	1,153,850	3,380,808	564,255	-	6,995,867
Islamic commercial paper	3.17	658,900	-	-	-	-	658,900
Senior sukuk	3.83	-	-	-	498,603	-	498,603
Trade payables	-	32,913	-	-	-	-	32,913
Other payables and accruals	-	204,348	-	-	-	-	204,348
Amount owing to immediate holding company	-	6,978	-	-	-	-	6,978
Amount owing to related companies	-	5,702	-	-	-	-	5,702
ICULS liabilities	3.50	630	-	-	-	-	630
Lease liabilities	4.36	19,140	16,183	29,406	6,448	-	71,177
Total liabilities		2,869,863	1,170,033	3,410,214	1,069,306	-	8,519,416
Net liquidity gap		746,606	845,406	22,159	(251,728)	48,699	1,411,142

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(b) Liquidity risk (Continued)

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000
2021							
Financial liabilities							
Unsecured term loans/financing	6,964,492	8,058,843	1,444,559	844,583	4,231,867	1,537,834	-
Senior sukuk/ subordinated sukuk	698,418	892,813	27,000	27,000	81,074	757,739	-
Trade payables	21,163	21,163	21,163	-	-	-	-
Other payables and accruals	226,847	226,847	226,847	-	-	-	-
Amount owing to immediate holding company	6,586	6,586	6,586	-	-	-	-
Amount owing to related companies	20,267	20,267	20,267	-	-	-	-
Lease liabilities	54,031	44,515	20,859	16,686	6,970	-	-
	7,991,804	9,271,034	1,767,281	888,269	4,319,911	2,295,573	-
2020							
Financial liabilities							
Bank overdraft	44,298	44,298	44,298	-	-	-	-
Unsecured term loans/financing	6,995,867	7,835,158	2,139,548	1,369,276	3,742,675	583,659	-
Islamic commercial paper	658,900	660,000	660,000	-	-	-	-
Senior sukuk	498,603	640,510	19,100	19,100	57,352	544,958	-
Trade payables	32,913	32,913	32,913	-	-	-	-
Other payables and accruals	204,348	204,348	204,348	-	-	-	-
Amount owing to immediate holding company	6,978	6,978	6,978	-	-	-	-
Amount owing to related companies	5,702	5,702	5,702	-	-	-	-
ICULS liabilities	630	630	630	-	-	-	-
Lease liabilities	71,177	79,569	21,916	18,100	33,236	6,317	-
	8,519,416	9,510,106	3,135,433	1,406,476	3,833,263	1,134,934	-



NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(c) Market risk

Market risk is the risk of potential loss as a result of changes in the intrinsic value of financial instruments caused by movement in market variables such as interest rate/profit rate, currency exchange rates, equity pricing and other related macro-economic factors that will eventually affect the Company's profitability, cash flows and capital preservation.

The Company's market risk management includes the monitoring of the fluctuations in net interest income/profit revenue or investment value due to changes in relevant risk factors. RMC monitors the exposure on monthly basis through reports and analysis with the support of the Treasury unit.

In managing interest income/profit revenue rate, the Company intends to maximise net interest income/profit revenue; and to minimise the significant volatility in relation to the Company's assets and liabilities.

Interest rate risk

The Company's fixed rate borrowings and derivatives are exposed to a risk of change in their fair value due to changes in the interest income/profit revenue rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The other financial assets and liabilities are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company borrows for its operations at fixed and variable rates and monitors the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Company also uses cross currency interest rate swaps to hedge its interest rate risk on bank borrowings as stated in hedging activities below. The management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

Exposure to interest risk

The interest rate profile of the Company's significant interest-banking financial instruments, based on carrying amounts as at the end of the reporting period is shown below:

	2021 RM'000	2020 RM'000
Fixed rate instruments		
Financial liabilities	3,988,418	4,647,503
Floating rate instruments		
Financial liabilities	3,674,492	3,550,165

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Company designates derivatives as hedging instruments under the cash flow hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(c) Market risk (Continued)

Interest rate risk (Continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the end of the reporting period would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2021		2020	
	100 bps increase RM'000	100 bps decrease RM'000	100 bps increase RM'000	100 bps decrease RM'000
Floating rate instruments	(36,745)	36,745	(35,502)	35,502

Hedging activities

Cash flow hedge

The Company has entered into cross currency interest rate swaps to hedge the variability of cash flow risk in relation to the foreign currency denominated borrowings of RM3,674,492,000 (2020: RM3,505,867,000). The cross currency interest rate swaps have the same notional value of RM3,674,492,000 (2020: RM3,505,867,000) and are to be settled in full upon maturity, terms matching the hedged items.

The following table indicates the years in which the cash flows associated with the derivative financial assets with carrying amount is RMNil (2020: RM28,810,000) and derivative financial liabilities of RM281,903,000 (2020: RM132,577,000) that are expected to occur and affect profit or loss.

	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 7 years RM'000
2021				
Cross currency swaps (gross settled):				
Outflow	(4,313,731)	(1,008,765)	(420,453)	(2,884,513)
Inflow	3,929,495	896,919	333,556	2,699,020
	(384,236)	(111,846)	(86,897)	(185,493)
2020				
Cross currency swaps (gross settled):				
Outflow	(3,904,086)	(1,106,570)	(961,197)	(1,836,319)
Inflow	3,745,783	1,071,606	909,618	1,764,559
	(158,303)	(34,964)	(51,579)	(71,760)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Risk organisation and reporting (Continued)

(c) Market risk (Continued)

Hedging activities (Continued)

Currency risk

The Company is exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Company. The currency which gives rise to this risk is primarily USD.

Risk management objectives, policies and processes for managing the risk

The repayment of all borrowings in foreign currency is fully hedged by cross currency interest rate swaps entered into by the Company upon initial drawdown of the borrowings.

Foreign currency risk management

The Company's exposure to foreign currency risk, based on carrying amounts at the end of the reporting period is shown below:

	Denominated in USD	
	2021 RM'000	2020 RM'000
Borrowings	(3,674,492)	(3,505,867)
Net exposure	(3,674,492)	(3,505,867)

Currency risk sensitivity analysis

No sensitivity analysis is presented for USD currency on borrowings which have been fully hedged.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2021										
Financial assets										
Financing receivables	-	-	-	-	-	-	6,273,386	6,273,386	6,273,386	6,302,925
- Non-current	-	-	-	-	-	-	-	-	-	-
Investments	-	-	27,645	27,645	-	-	-	-	27,645	27,645
	-	-	27,645	27,645	-	-	6,273,386	6,273,386	6,301,031	6,330,570
Financial liabilities										
Term loans/financing	-	-	-	-	-	-	6,752,430	6,752,430	6,752,430	6,542,946
- Non-current (unsecured)	-	-	-	-	-	-	-	-	281,903	281,903
Derivatives financial liabilities	-	281,903	-	281,903	-	-	-	-	-	-
	-	281,903	-	281,903	-	-	6,752,430	6,752,430	7,034,333	6,824,849

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2020										
Financial assets										
Financing receivables										
- Non-current	-	-	-	-	-	-	6,178,215	6,178,215	6,178,215	6,265,390
Derivatives financial assets	-	28,810	-	28,810	-	-	-	-	28,810	28,810
Investments	-	-	48,699	48,699	-	-	-	-	48,699	48,699
	-	28,810	48,699	77,509	-	-	6,178,215	6,178,215	6,255,724	6,342,899
Financial liabilities										
Term loans/financing										
- Non-current (unsecured)	-	-	-	-	-	-	5,665,054	5,665,054	5,665,054	5,597,516
Derivatives financial liabilities	-	132,577	-	132,577	-	-	-	-	132,577	132,577
	-	132,577	-	132,577	-	-	5,665,054	5,665,054	5,797,631	5,730,093

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

(i) Financing receivables

The fair value of financing receivables with remaining maturity of less than one year are estimated to approximate their carrying amounts. For financing receivables with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing rates of loans and receivables of similar credit profile.

(ii) Term loans/financing

The fair value of term loans/financing with remaining maturity of less than one year are estimated to approximate their carrying amounts. For term loans/financing with remaining maturity of more than one year, the fair values are estimated using discounting technique. The discount rates are based on market rates available to the Company for similar instruments.

(iii) Derivative financial instruments

The fair value of cross currency swap derivatives is the estimated amount that the Company would receive or pay to terminate the contracts at the reporting date and is determined based on discounted future cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), forward exchange rates (from observable forward exchange rates at the end of reporting period), contract interest rates and contract forward rates, discounted at a rate that reflects the credit risk of counterparties.

(iv) Investments

The fair value of investments are based on the expected cash flows discounted as at reporting date. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The key inputs are discount rate, terminal growth rate and discount for lack of control, as described in this Note.

(v) Other financial instruments

The fair value of other instruments are determined to approximate to its carrying value due to the short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value hierarchies used to classify financial instruments not measured at fair value in the statements of financial position, but for which fair value is disclosed, are as follows:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2021 RM'000	2020 RM'000
At 1 March	48,699	70,604
Disposal	-	(854)
Changes in fair value recognised in other comprehensive income	(21,054)	(21,051)
At 28/29 February	27,645	48,699

Fair value of the Company's financial assets that are measured at fair value on a recurring basis

The Company's investments are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined (in particular, the valuation technique and inputs used).

Financial assets	Fair value 2021 RM'000	Fair value 2020 RM'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investments	27,645	48,699	Level 3	<u>Technique:</u> Discounted cash flows <u>Key inputs:</u> Discount rate Terminal growth rate Discount for lack of control	Discount rate: 6.25% - 10.50% (2020: 7.15% - 9.11%) Terminal growth rate: 2.40% - 5.00% (2020: 5.20% - 6.30%) Discount for lack of control: 60.00% - 75.00% (2020: 62.00% - 97.50%)	A slight increase in the discount rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the terminal year growth rate used would result in a significant increase in fair value, and vice versa. A slight increase in the discount for lack of control used would result in a significant decrease in fair value, and vice versa.

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial year, the Company has complied with debt-to-equity ratio requirement of less than 5.25:1. The debt-to-equity ratio in year 2021 and 2020 are as follows:

	2021 RM'000	2020 RM'000
Total borrowings	7,662,910	8,197,668
Less: Cash, bank balances and deposits	(439,549)	(132,798)
Net debt	7,223,361	8,064,870
Total equity	1,893,192	1,757,359
Debt-to-equity ratio	3.82	4.59



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

The Directors of **AEON CREDIT SERVICE (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 28 February 2021 and of the financial performance and the cash flows of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 May 2021.

NG ENG KIAT

YURO KISAKA

Kuala Lumpur
4 May 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **LEE SIEW TEE**, being the officer primarily responsible for the financial management of **AEON CREDIT SERVICE (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE SIEW TEE

MIA Membership No: 22869

Subscribed and solemnly declared by the abovenamed **LEE SIEW TEE** at **KUALA LUMPUR** on this 4th day of May, 2021.

Before me,

WOON MEE CHIN

No. W538

COMMISSIONER FOR OATHS

Kuala Lumpur

08 OTHER INFORMATION

- 147 Analysis of Shareholdings
- 149 Notice of Annual General Meeting
Proxy Form





ANALYSIS OF SHAREHOLDINGS

STATISTICS ON SHAREHOLDINGS AS AT 30 APRIL 2021

Paid-up share capital	: RM584,011,570
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share
Number of shareholders	: 5,366

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	631	11.76	11,329	0.00
100 - 1,000	2,171	40.46	1,157,489	0.45
1,001 - 10,000	1,958	36.49	6,730,524	2.64
10,001 - 100,000	483	9.00	13,884,702	5.44
100,001 - to less than 5% of issued shares	122	2.27	76,506,394	29.97
5% and above of issued shares	1	0.02	157,017,252	61.50
Total	5,366	100.00	255,307,690	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO., LTD.	157,017,252	61.50	-	-
2.	AEON CO., LTD.	-	-	161,661,252*	63.32

Note

* Deemed interest in the shares held by AEON FINANCIAL SERVICE CO., LTD. and AEON CO. (M) BHD. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' INTEREST AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No	Name of Directors	No. of Shares Held	
		Through Own Name	% of Shares
1.	Ng Eng Kiat	21,321	0.01
2.	Yuro Kisaka	82,080	0.03
3.	Dato' Md Kamal Bin Ismaun	10,637	0.00
4.	Tomokatsu Yoshitoshi	-	-
5.	S Sunthara Moorthy A/L S Subramaniam	-	-
6.	Datuk Adinan bin Maning	-	-
7.	Datin Khoo Pek Ling	-	-
8.	Datin Yasmin Ahmad Merican	20,000	0.01
9.	Rashidah binti Abu Bakar	-	-
10.	Masaaki Mangetsu	-	-
11.	Lee Tyan Jen	42,257	0.02

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 30 APRIL 2021

No	Name	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO LTD.	157,017,252	61.50
2.	AEON CO. (M) BHD.	4,644,000	1.82
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	4,637,919	1.82
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	3,897,724	1.53
5.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	3,722,700	1.46
6.	HSBC NOMINEES (ASING) SDN BHD BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	3,705,146	1.45
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	3,304,154	1.29
8.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND	3,063,600	1.20
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	2,431,200	0.95
10.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	2,211,600	0.87
11.	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR JPMORGAN FUNDS	2,017,286	0.79
12.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS JERSEY FOR ABERDEEN ASIAN INCOME FUND LIMITED	1,750,045	0.69
13.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,407,100	0.55
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	1,219,708	0.48
15.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCTA FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	1,196,060	0.47
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	1,177,200	0.46
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)(419500)	1,166,500	0.46
18.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	1,098,400	0.43
19.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,037,600	0.41
20.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	974,500	0.38
21.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	936,000	0.37
22.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	913,100	0.36
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN)(NOMURA)	901,500	0.35
24.	MOTOYA OKADA	864,000	0.34
25.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	852,638	0.33
26.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	821,640	0.32
27.	LEONG LI NAR	800,387	0.31
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	768,600	0.30
29.	PERTUBUHAN KESELAMATAN SOSIAL	762,800	0.30
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	725,400	0.28
TOTAL		210,025,759	82.27

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("24th AGM") of AEON Credit Service (M) Berhad will be conducted as a fully virtual meeting for the purpose of considering and if thought fit, passing with or without modifications the resolutions as set out in this Notice.

Meeting Date	:	Wednesday, 23 June 2021
Time	:	10.30 a.m.
Meeting Platform	:	https://web.lumiagm.com/
Mode of Communication	:	i. Submit questions to the Board prior to the 24 th AGM by emailing to ir_info@aeoncredit.com.my no later than 10.30 a.m. on Friday, 18 June 2021. ii. Pose questions to the Board via real time submission of typed texts at https://web.lumiagm.com/ during live streaming of the 24 th AGM.

AGENDA

As Ordinary Business

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 28 February 2021 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note (i)) |
| 2. To approve the payment of a final dividend of 20.00 sen per ordinary share in respect of the financial year ended 28 February 2021. | Ordinary Resolution 1 |
| 3. To approve the Directors' Fees up to an aggregate amount of RM1.528 million in respect of the financial year ended 28 February 2021 and payments thereof. | Ordinary Resolution 2 |
| 4. To approve the payment of Benefits Payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 24 June 2021 until the next AGM of the Company in year 2022. | Ordinary Resolution 3
(Please refer to the Explanatory Note (ii)) |
| 5. To re-elect the following Directors who are retiring pursuant to Clause 148 of the Constitution of the Company: | |
| (i) Ng Eng Kiat | Ordinary Resolution 4 |
| (ii) Tomokatsu Yoshitoshi | Ordinary Resolution 5 |
| (iii) S Sunthara Moorthy A/L S Subramaniam | Ordinary Resolution 6 |
| (iv) Datuk Adinan bin Maning | Ordinary Resolution 7 |
| (v) Datin Khoo Pek Ling | Ordinary Resolution 8 |
| (vi) Datin Yasmin Ahmad Merican | Ordinary Resolution 9 |
| (vii) Rashidah binti Abu Bakar | Ordinary Resolution 10 |
| (viii) Lee Tyan Jen | Ordinary Resolution 11 |
| <p>Yuro Kisaka, Dato' Md Kamal bin Ismaun and Masaaki Mangetsu, who retire in accordance with Clause 148 of the Constitution of the Company, have expressed their intention not to seek re-election at the 24th AGM and will retain office until the conclusion of the 24th AGM.</p> | |
| 6. To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 12 |



NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, to pass the following resolutions:

7. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares

Ordinary Resolution 13
(Please refer to
Explanatory Note (iii))

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company, 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 AGM, 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."

8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 14
(Please refer to
Explanatory Note (iv))

"THAT, subject to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("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 the Circular to Shareholders dated 20 May 2021 ("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 Company's Integrated 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 AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
 - ii) the expiration of the period within which the next AGM 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.

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."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 24th AGM, a final dividend of 20.00 sen per ordinary share in respect of the financial year ended 28 February 2021 will be paid to shareholders on 15 July 2021. The entitlement date for the said dividend shall be 1 July 2021.

A depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 1 July 2021 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN
(SSM PC No. 202008001023)
(MAICSA 7009143)
Company Secretary

Selangor Darul Ehsan
 Date: 20 May 2021

NOTES:

1. As part of the continuing measures to curb the spread of Coronavirus Disease (COVID-19), the Company will conduct the 24th AGM on a fully virtual basis through live streaming and online voting using remote participation and electronic voting facilities at <https://web.lumiagm.com>. Kindly refer to the attached Administrative Details for the 24th AGM for more information.
2. Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 that the Chairman of the Meeting shall be present at the main venue of the AGM. No shareholder or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the AGM.
3. As the 24th AGM will be conducted via a fully virtual meeting, a member who is not able to participate in the AGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
4. A member of the Company entitled to attend, participate, speak and vote at this Meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy by a member who is entitled to participate and vote at the Meeting, shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar office at Ground Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the instrument appointing a proxy can be deposited electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://boardroomlimited.my/> (for individual shareholders only) before the proxy form lodgement cut-off time as mentioned above.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, participate and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 24th AGM will be put to vote by way of poll.



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

(i) **Item 1 of the Agenda - To receive the Audited Financial Statements**

Agenda item 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(ii) **Ordinary Resolution 3 - To approve the payment of Benefits Payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 24 June 2021 until the next AGM of the Company in year 2022**

The benefits payable (excluding Directors' Fees) to Mr. Ng Eng Kiat, the Chairman/Non-Independent Non-Executive Director of the Company, comprises benefits-in-kind (computed in accordance with Lembaga Hasil Dalam Negeri's guideline) for the use of a company car, driver and petrol.

(iii) **Ordinary Resolution 13 - Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares**

The Company had, during its Twenty-Third AGM held on 24 June 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016. As at the date of this notice, the Company has not issued any shares pursuant to that mandate obtained.

The ordinary resolution 13 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of Companies Act 2016. The resolution, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition(s).

(iv) **Ordinary Resolution 14 - Proposed Shareholders' Mandate**

Ordinary Resolution 14 proposed under item 8 of the Agenda, if passed, will allow the Company to enter into recurrent related party transactions in accordance with paragraph 10.09 of the MMLR of Bursa Securities and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The shareholders' mandate is subject to renewal on an annual basis.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 20 May 2021.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**AEON CREDIT SERVICE (M) BERHAD**

[Registration No. 199601040414 (412767-V)]

(Incorporated in Malaysia)

PROXY FORM

I/We (name in full and in block letters) _____ (NRIC No./Passport No./Registration No. _____) of _____,

(full address) being *a member/members of AEON CREDIT SERVICE (M) BERHAD ("Company"), hereby appoint (name in full and in block letters), _____ (NRIC No. _____) of _____,

_____ (full address/email/tel no.) and/or failing *him/her, (name in full and in block letters) _____ (NRIC No. _____) of _____ (full address/email/tel no.) or failing *him/her, *THE CHAIRMAN OF

THE MEETING as *my/our proxy/proxies to vote for *me/us and on *my/our behalf at the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company to be held as a fully virtual meeting at broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 23 June 2021 at 10.30 a.m. and at any adjournment thereof.

* Strike out whichever is inapplicable.

Please delete the words "THE CHAIRMAN OF THE MEETING" if you wish to appoint some other person to be your proxy.

I/We indicate with an "x" in the spaces below how I/we wish my/our vote to be cast.

No.	Resolutions	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	Approval of the payment of a final dividend of 20.00 sen per ordinary share in respect of the financial year ended 28 February 2021		
Ordinary Resolution 2	Approval of the payment of Directors' Fees of up to an aggregate amount of RM1.528 million in respect of the financial year ended 28 February 2021		
Ordinary Resolution 3	Approval of the payment of Benefits Payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 24 June 2021 until the next AGM of the Company in year 2022		
Ordinary Resolution 4	Re-election of Ng Eng Kiat		
Ordinary Resolution 5	Re-election of Tomokatsu Yoshitoshi		
Ordinary Resolution 6	Re-election of S Sunthara Moorthy A/L S Subramaniam		
Ordinary Resolution 7	Re-election of Datuk Adinan bin Maning		
Ordinary Resolution 8	Re-election of Datin Khoo Pek Ling		
Ordinary Resolution 9	Re-election of Datin Yasmin Ahmad Merican		
Ordinary Resolution 10	Re-election of Rashidah binti Abu Bakar		
Ordinary Resolution 11	Re-election of Lee Tyan Jen		
Ordinary Resolution 12	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 13	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
Ordinary Resolution 14	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Subject to the abovestated voting instructions, my/our proxy/proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Signed this _____ day of _____ 2021.

<p>If appointment of proxy is under hand</p> <p>Signed by "individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)</p>	<p>No. of shares held: _____</p> <p>Securities Account No.: _____</p> <p>(CDS Account No.) (Compulsory)</p> <p>Contact No.: _____</p> <p>Email address: _____</p> <p>Date: _____</p>
<p>If appointment of proxy is under seal</p> <p>The Common Seal of _____ was hereto affixed in accordance with its Constitution in the presence of:</p> <p>_____ Director Director / Secretary</p> <p>In its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)</p>	<p>Seal</p> <p>No. of shares held: _____</p> <p>Securities Account No.: _____</p> <p>(CDS Account No.) (Compulsory)</p> <p>Contact No.: _____</p> <p>Email address: _____</p> <p>Date: _____</p>

* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.



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POSTAGE
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The Share Registrar
AEON CREDIT SERVICE (M) BERHAD
(Registration No. 199601040414 (412767-V))
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Notes:-

- As part of the continuing measures to curb the spread of Coronavirus Disease (COVID-19), the Company will conduct the 24th AGM on a fully virtual basis through live streaming and online voting using remote participation and electronic voting facilities at <https://web.lumiagm.com>. Kindly refer to the attached Administrative Details for the 24th AGM for more information.
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- As the 24th AGM will be conducted via a virtual meeting, a member who is not able to participate in the AGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
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- The instrument appointing a proxy by a member who is entitled to participate and vote at the Meeting, shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar office at Ground Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the instrument appointing a proxy can be deposited electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://boardroomlimited.my/> (for individual shareholders only) before the proxy form lodgement cut-off time as mentioned above.
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- Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 24th AGM will be put to vote by way of poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 24th AGM dated 20 May 2021.

AEON CREDIT SERVICE (M) BERHAD

Registration No. 199601040414 (412767-V)

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