



**AEON CREDIT SERVICE (M) BERHAD**

# **RIDING THE NEW WAVE**

INTEGRATED ANNUAL REPORT  
**2022**

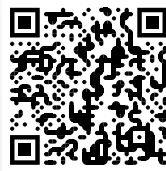




## RIDING THE NEW WAVE

AEON Credit continues to lead the way to more fulfilling customer experience through investments in technology, service delivery, sustainable efforts and workplace improvements. Strategised programmes have been unleashed on several fronts to usher in a new dimension of payments and rewards.

This year's theme driven cover uses corporate colours to anchor the AEON Credit brand. Through seamless lines, a rising wave of change is rendered, carrying with it icons of AEON Credit's strategic initiatives and symbols of digital connectivity.



Scan this QR code to view the Integrated Annual Report in PDF



# 18

## 5-Year

Financial Highlights



# 28

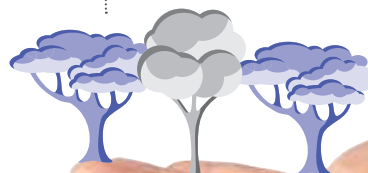
## Management Discussion and Analysis

# 78

## Corporate Governance

Overview Statement

# What's Inside



# 60

## Sustainability Statement

02 About This Report

### WHO WE ARE

- 05 Corporate Information
- 06 About AEON Credit Service (M) Berhad
- 08 Corporate Philosophy and Mission
- 09 AEON Basic Principles
- 10 AEON Code of Conduct
- 11 AEON Human Resource Principles
- 12 Corporate Milestones
- 14 AEON Credit Branch/Counter Network/E-Money Kiosk

### FYE2022 HIGHLIGHTS

- 16 Key Highlights
- 17 Awards & Recognitions
- 18 5-Year Financial Highlights
- 20 Investor Information

### REFLECTIONS FROM TOP LEADERSHIP

- 23 Chairman's Statement
- 28 Management Discussion and Analysis

### STRATEGIES TO CREATE VALUE

- 35 Our Operating Landscape
- 36 Our Value Creation Model
- 38 Key Risks and Mitigation
- 40 Stakeholder Engagement and Material Sustainability Matters
- 45 Our Strategy and Link to Material Sustainability Matters

### LEADERSHIP TEAM

- 48 Board of Directors' Profiles
- 53 Group Top Management Profiles
- 57 Key Senior Management Profiles

### OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

- 60 Sustainability Statement
- 78 Corporate Governance Overview Statement
- 90 Audit Committee Report
- 94 Board Risk Committee Report
- 96 Statement on Risk Management and Internal Control
- 100 Directors' Responsibility Statement
- 101 Additional Compliance Information Disclosures

### FINANCIAL STATEMENTS

- 103 Directors' Report
- 107 Independent Auditors' Report
- 110 Statements of Financial Position
- 112 Statements of Profit or Loss and Other Comprehensive Income
- 113 Statements of Changes in Equity
- 115 Statements of Cash Flows
- 118 Notes to the Financial Statements
- 174 Statement by Directors and Statutory Declaration

### OTHER INFORMATION

- 176 Analysis of Shareholdings
- 178 GRI Content Index
- 182 Notice of Annual General Meeting
- Proxy Form

## ABOUT THIS REPORT

This is AEON Credit Service (M) Berhad's ("AEON Credit") Integrated Annual Report ("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. It specifies the material matters, opportunities, risks and outcomes attributable to or associated with the Group'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 2021 to 28 February 2022 ("FYE2022") and encapsulates the primary activities of the Group, namely our overall performance for the year under review and the delivery of our initiatives towards our strategic goals.

	DISCLOSURES	REPORTING PRINCIPLES & FRAMEWORK
<b>Integrated Annual Report 2022</b>	Provides a comprehensive overview of the Group, its businesses and financial performance for FYE2022.	<ul style="list-style-type: none"> <li>IIRC Integrated Reporting (&lt;IR&gt;) Framework</li> <li>Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")</li> <li>Companies Act 2016</li> <li>Malaysian Code on Corporate Governance</li> <li>Malaysian Financial Reporting Standards ("MFRS")</li> <li>International Financial Reporting Standards ("IFRS")</li> <li>Bursa Malaysia Sustainability Reporting Guideline</li> <li>Global Reporting Initiative ("GRI") Standards: Core Option</li> </ul>

### APPROACH TO MATERIALITY

We report based on our material matters, which are assessed yearly to ensure that the matters continued to be applicable and relevant. This ensures that our strategy, performance and prospects are illustrated in the correct context. Our response to material matters in the financial, economic, environmental, social and governance aspects of our business have also been considered. In developing this IAR further, we have included qualitative and quantitative performance measurements as well as other factors that may have affected business sustainability. A complete discussion of our sustainability performance can be found on page 60.

### 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.

### 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 Group's ability to create value and fairly presents the integrated performance of AEON Credit Service (M) Berhad.

**NG ENG KIAT**  
Chairman

**DAISUKE MAEDA**  
Managing Director



For more information on the Group's Material Sustainability Matters, please turn to page 40.

The Six Capitals, as identified by the IIRC, have served as essential guide to help us in achieving our strategic objectives. These capitals represent stores of value and each of them: Intellectual Capital, Financial Capital, Human Capital, Manufactured Capital, Social & Relationship Capital and Natural Capital are important in how they impact our business.

#### OUR CAPITALS



##### Intellectual Capital

Leveraging on the Group's vision, AEON Credit Service (M) Berhad's brand name, industry know-how, and market insights to create a competitive advantage for our businesses.



##### Financial Capital

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



##### Human Capital

Build leadership expertise, employees' knowledge and competencies, and the sustainable talent pool required to meet our business goals and objectives.



##### Manufactured Capital

The physical and digital infrastructure we require to support operational needs of our businesses.



##### Social and Relationship Capital

Relationships with customers and key stakeholders such as investors, business partners, regulators and communities.



##### Natural Capital

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

#### STAKEHOLDERS



##### Customers



##### Government & Regulators



##### Shareholders & Investors



##### Employees



##### Merchants & Business Partners



##### Suppliers



##### Local Communities/ NGOs



##### Media

#### MATERIAL SUSTAINABILITY MATTERS



##### Financial Performance



##### Excellent Customer Experience, Support & Access



##### Data Security, IT Infrastructure & Digital Transformation



##### Excellent Ethics, Governance, Risk & Compliance



##### Employee Health, Safety and Well-being



##### Business Innovation, Responsible Marketing, Product & Service Design



##### Employee Benefits, Employee Engagement Programmes



##### Transparency in Procurement Process



##### Strategic Community Investment

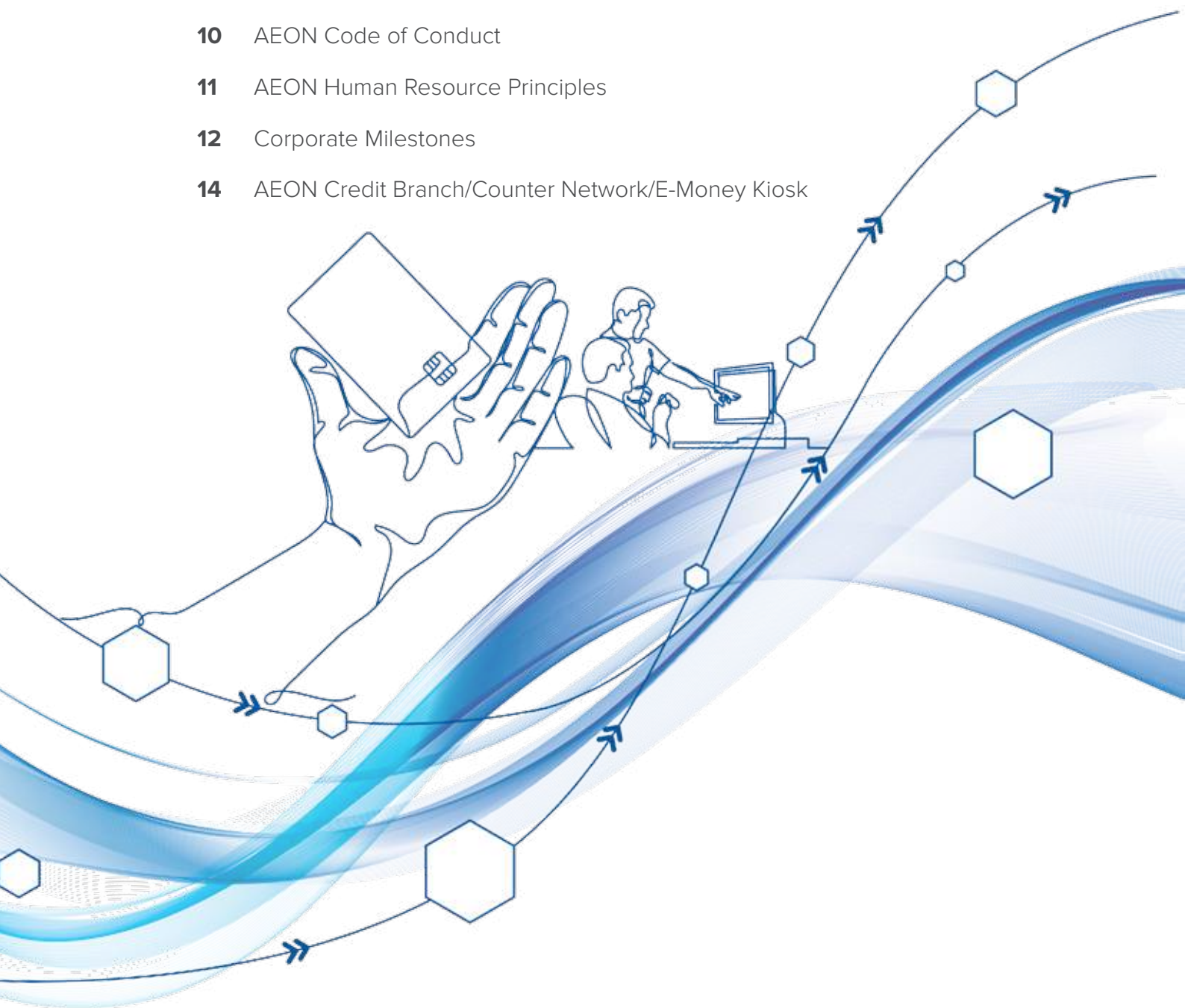


##### Environment Management



# Who **We** Are

- 05** Corporate Information
- 06** About AEON Credit Service (M) Berhad
- 08** Corporate Philosophy and Mission
- 09** AEON Basic Principles
- 10** AEON Code of Conduct
- 11** AEON Human Resource Principles
- 12** Corporate Milestones
- 14** AEON Credit Branch/Counter Network/E-Money Kiosk



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Ng Eng Kiat

Chairman  
Non-Independent Non-Executive Director

### Daisuke Maeda

Managing Director

### Tomokatsu Yoshitoshi

Independent Non-Executive Director

### S Sunthara Moorthy

### A/L S Subramaniam

Independent Non-Executive Director

### Datuk Adinan bin Maning

Senior Independent Non-Executive Director

### Datin Khoo Pek Ling

Independent Non-Executive Director

### Datin Yasmin Ahmad Merican

Independent Non-Executive Director

### Rashidah binti Abu Bakar

Independent Non-Executive Director

### Mitsugu Tamai

Non-Independent Non-Executive Director

### Lee Tyan Jen

Executive Director

## HEAD OFFICE

AEON Credit Service (M) Berhad  
Level 18, UOA Corporate Tower  
Avenue 10, The Vertical  
Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
**Tel :** +603-2772 9000  
**Fax :** +603-2711 4110  
**Website:** www.aeoncredit.com.my

## REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
**Tel :** +603-7890 4800  
**Fax :** +603-7890 4650

## REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
**Tel :** +603-7890 4700  
**Fax :** +603-7890 4670

## AUDITORS

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

## SECRETARY

### Tai Yit Chan

SSM PC No. 202008001023  
(MAICSA 7009143)

## 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**

## INVESTOR RELATIONS

ir\_info@aeoncredit.com.my

## SUBSIDIARY COMPANY

Insurepro Sdn. Bhd.  
Suite 3A-3, Level 3A  
UOA Corporate Tower  
Avenue 10, The Vertical  
Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
**Tel :** +603-2772 9000  
**Fax :** +603-2711 4110  
**Website:** www.insurepro.com.my

## PRINCIPAL 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

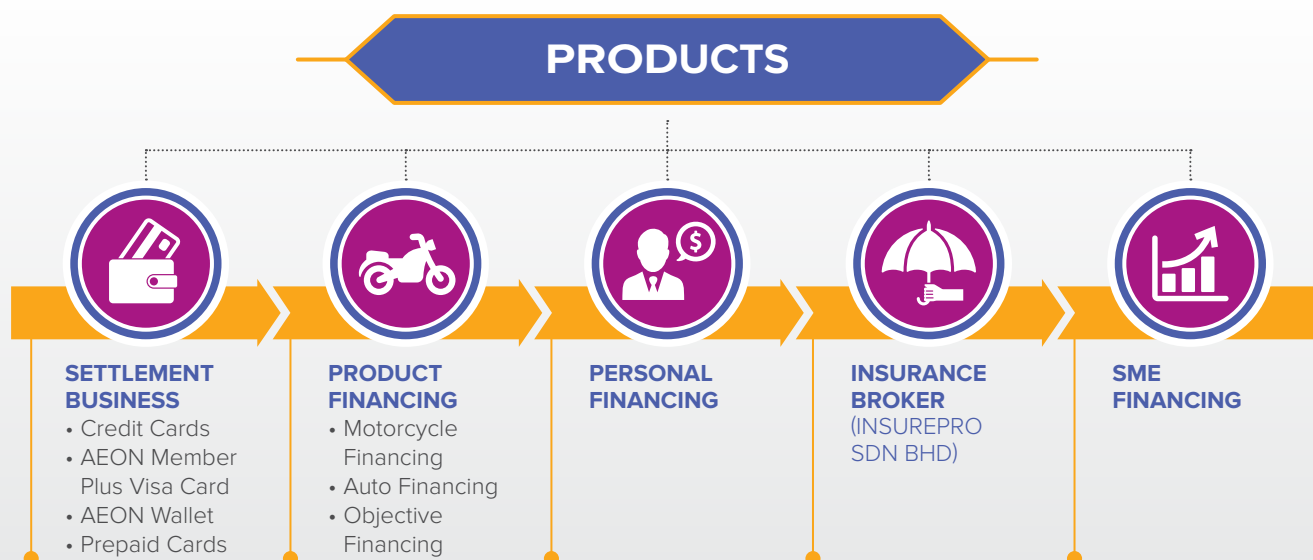
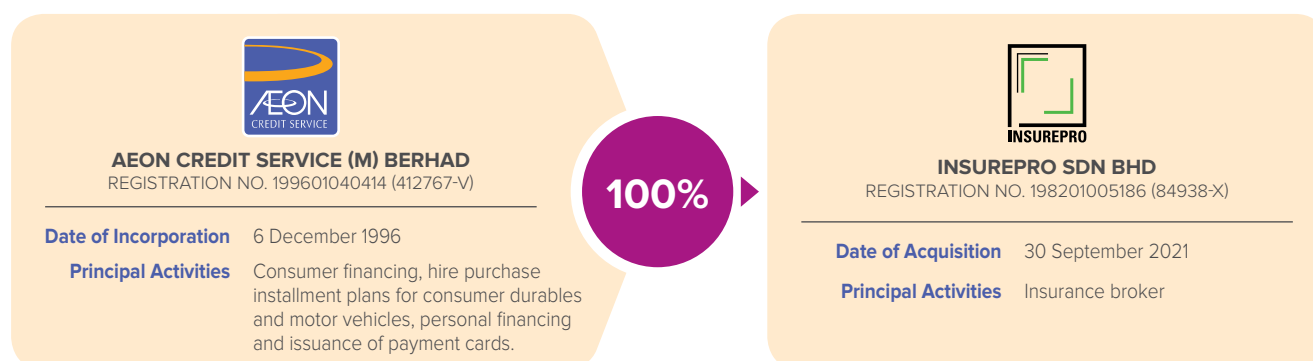
## CORPORATE CALENDAR

<p><b>20 May 2021</b> Notice of Last Annual General Meeting</p>	<p><b>23 June 2021</b> Last Annual General Meeting</p>	<p><b>6 July 2021 (Tuesday)</b> Unaudited results for 1st quarter ended 31 May 2021</p>
<p><b>14 October 2021</b> Book Closure <b>3 November 2021</b> Payment Payment of Dividend (Interim)</p>	<p><b>7 July 2022</b> Book Closure <b>21 July 2022</b> Payment Payment of Dividend (Final and Special)</p>	<p><b>28 September 2021 (Tuesday)</b> Unaudited results for 2nd quarter ended 31 August 2021</p>
		<p><b>23 December 2021 (Thursday)</b> Unaudited results for 3rd quarter ended 30 November 2021</p>
		<p><b>5 April 2022 (Tuesday)</b> Unaudited results for 4th quarter ended 28 February 2022</p>

## ABOUT AEON CREDIT SERVICE (M) BERHAD

AEON Credit Service (M) Berhad ("AEON Credit") was incorporated on 6 December 1996 and converted into a public limited company on 9 February 2007 and subsequently listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores. In end September 2021, AEON Credit completed the acquisition of 100% equity interest in an insurance broking firm, Insurepro Sdn Bhd which allows AEON Credit and its' subsidiary ("the Group") to distribute both conventional and takaful insurance products, including life insurance products by leveraging on the AEON Group Retail network and ecosystem.

Today, the business of the Group has expanded to include issuance of Credit Cards, Prepaid Cards, AEON Wallet App, Easy Payment Schemes, Hire Purchase Financing for Motor Vehicles, Personal Financing schemes, Insurance Broker and other related services. The Group currently has five Regional Offices, 64 branches and service centres located in the major shopping centres and towns, a network of more than 10,000 participating merchant outlets nationwide, as well as one subsidiary company in Kuala Lumpur.



**4.7 MILLION**

AEON Member Plus,  
AEON Express Members  
& Credit Cardholders



**>10,000**

Merchant Outlets Nationwide



**2,991**

Employees



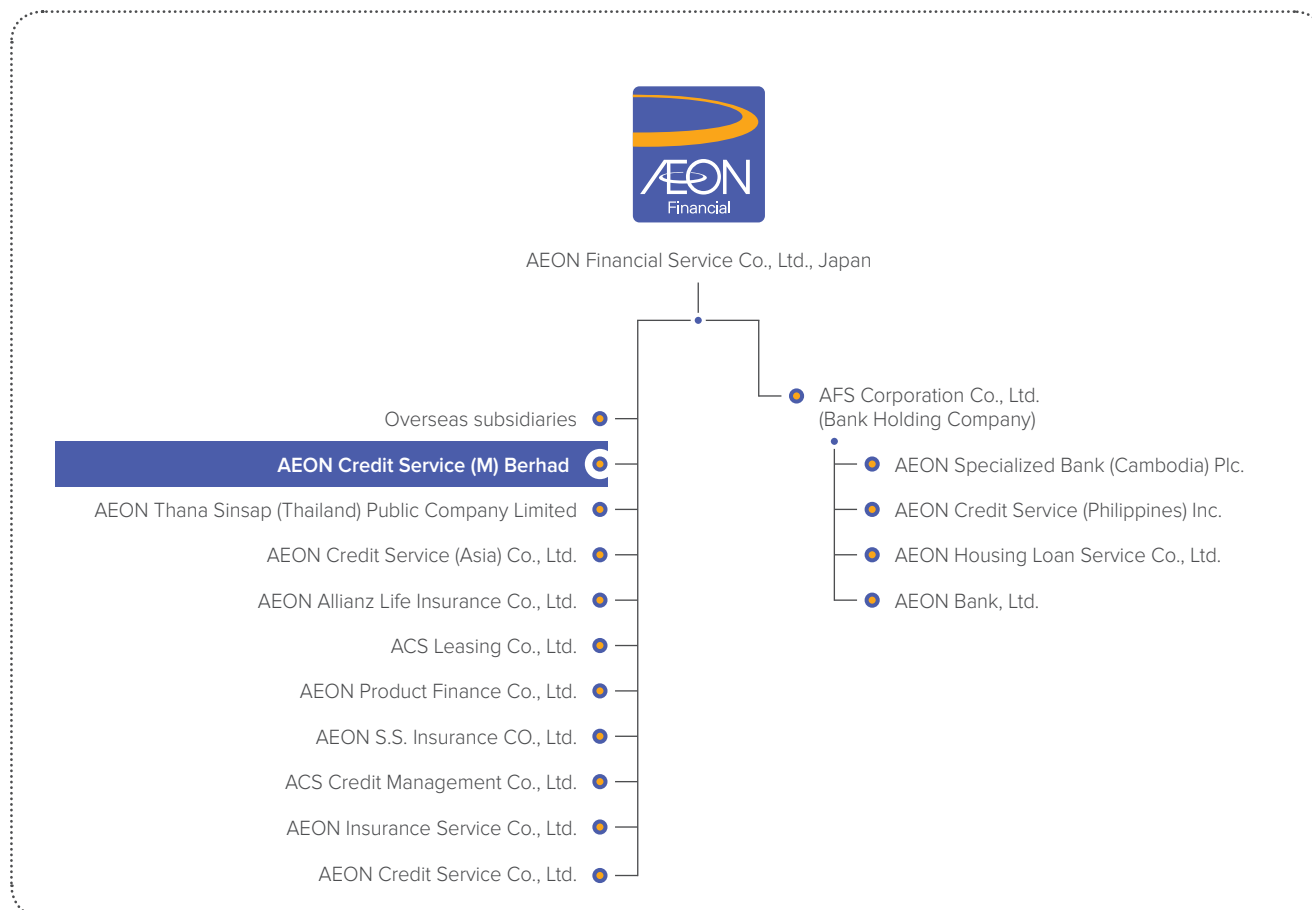
**64**

Branches & Service Centres



## OVERVIEW OF AEON CREDIT

AEON Credit is an overseas subsidiary of AEON Financial Service Co., Ltd., Japan, and is part of the AEON Co., Ltd. ("AEON Group"), Japan. The AEON Group is a pure holding company that comprises 8 businesses of different sectors. AEON Financial Service Co., Ltd. is responsible for the AEON Group's financial services, and is a comprehensive financial group with roots in the retail sector that operates in Japan and 10 other countries/regions in Asia.



## CORPORATE PHILOSOPHY AND MISSION

### CORPORATE PHILOSOPHY

To support customers' lifestyles and enable each individual to maximise future opportunities through effective use of credit.



### 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. We adhere to a strict code of corporate ethics and, at the same time, engage in activities which contribute to society.

## AEON BASIC PRINCIPLES

**AEON Credit Service (M) Berhad is guided by the AEON Group's unchanging "Customer First" philosophy. Its aim is to surpass expectations by combining excellent products with unique services.**

### 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



The Customer

#### 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

## AEON CODE OF CONDUCT



### THE AEON CODE OF CONDUCT COMMITMENT

AEON people are always grateful to the many other individuals who provide support and help, never forgetting to act with humility

AEON people value the trust of others more than anything else, always acting with integrity and sincerity in all situations

AEON people actively seek out ways to exceed customer expectations

AEON people continually challenge themselves to find new ways to accomplish the AEON ideals

AEON people support local community growth, acting as good corporate citizens in serving society



# AEON HUMAN RESOURCE PRINCIPLES

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 Group 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 of AEON will also be determined by AEON people. AEON people are irreplaceable assets.

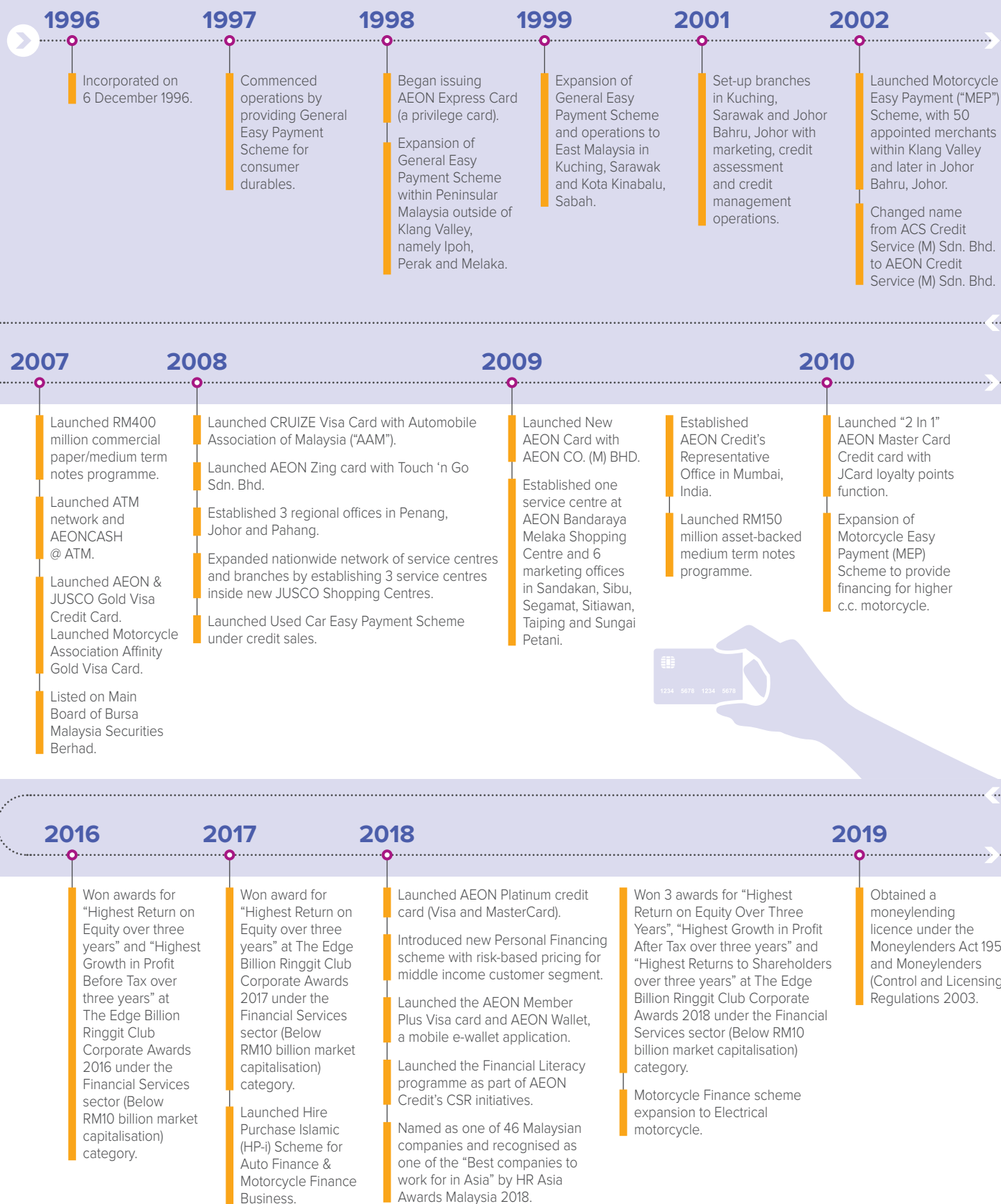
## BASIC APPROACH TO PERSONNEL

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 and people-oriented Group to work for.

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



## CORPORATE MILESTONES





## 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, certified by UKAS, in line with our vision of providing excellent customer service.

## 2005

- Started insurance sales business.
- Obtained approval from Bank Negara Malaysia ("BNM") to issue credit cards.
- Launched AEON Credit Card.

## 2006

- Launched JUSCO Credit Card, co-brand credit card with AEON CO. (M) Bhd.
- Opened AEON Credit Service Centre within shopping centres outside Klang Valley.
- 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.

## 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".

## 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.
- Auto Finance Easy Payment Scheme expansion to new car.

## 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.
- 60<sup>th</sup> branch opened in Sibul, Sarawak.
- Launch of Merchant Online Web System ("MOS") for business partners to perform their daily operation.

## 2020

- Issued RM500 million inaugural senior sukuk.

## 2021

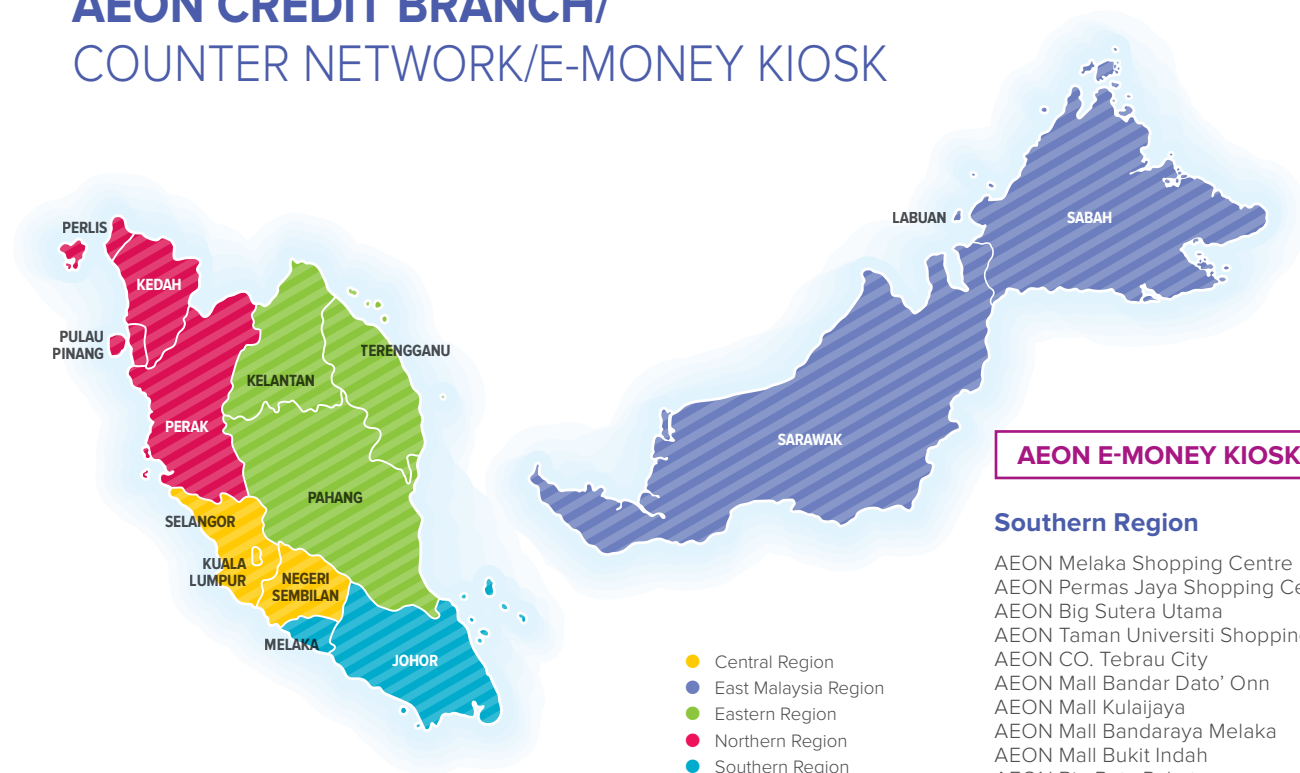
- Issued RM200 million inaugural subordinated sukuk.
- Launched AEON Protect, a device repair service plan under the Mobile Device financing scheme.
- Implemented CTOS e-KYC solutions.
- Applied for Digital Bank licence.
- Won awards for "Highest Return on Equity over three years" and "Highest Growth in Profit Before Tax over three years" at The Edge Billion Ringgit Club Corporate Awards 2020 under the Financial Services sector (Below RM10 billion market capitalisation) category.

## 2022

- Won award for "Highest Return on Equity over three years" at The Edge Billion Ringgit Club Corporate Awards 2021 under the Financial Services sector (Below RM10 billion market capitalisation) category.
- Won award for "Most Outstanding Company in Malaysia - Financials Sector (TIE)" in the Asiamoney 2021 Asia's Outstanding Companies Poll.
- Established Management Sustainability Committee in November 2021.
- Launched the AEON Privilege Card for Hawkers and Petty Traders.
- Acquired 100% equity interest in Insurepro Sdn. Bhd.
- Submitted a joint application for an Islamic Digital Bank ("IDB") licence to BNM together with its Joint Venture ("JV") consortium parties, AEON Financial Service Co., Ltd. and MoneyLion Inc. and on 29 April 2022, BNM announced that Minister of Finance has approved the issuance of an IDB licence to a company to be formed by the JV consortium parties.



## AEON CREDIT BRANCH/ COUNTER NETWORK/E-MONEY KIOSK



### 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 Kulajaya  
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 Puchong Utama  
AEON Big Bandar Tun Hussein Onn  
AEON Mall Cheras Selatan  
AEON Big Putrajaya  
AEON Big Sri Petaling  
AEON Big Kepong  
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  
AEON Mall Bukit Raja

#### Eastern Region

AEON Mall Kota Bharu  
AEON Big Kuantan

#### East Malaysia Region

AEON Mall Kuching

### 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  
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 Region

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 Kulajaya  
Johor Bahru  
Batu Pahat  
Segamat  
Melaka  
AEON Mall Bandaraya Melaka Service Centre  
AEON Mall Bandaraya Melaka Counter

# FYE2022 Highlights

- 16** Key Highlights
- 17** Awards & Recognitions
- 18** 5-Year Financial Highlights
- 20** Investor Information



## KEY HIGHLIGHTS

### FINANCIAL HIGHLIGHTS



TOTAL TRANSACTION  
& FINANCING VOLUME

**RM4.8**  
billion



REVENUE

**RM1.5**  
billion



PROFIT  
AFTER TAX

**RM365.4**  
million



TOTAL GROSS FINANCING  
RECEIVABLES

**RM9.9**  
billion



DIVIDEND  
PER SHARE

**48.5** sen



CAPITAL ADEQUACY  
RATIO

**26.8%**



RETURN ON  
ASSETS

**3.6%**



RETURN ON  
EQUITY

**19.2%**



COST-TO-INCOME  
RATIO

**49.7%**



NET CREDIT  
COST

**1.5%**



NON-PERFORMING  
LOANS

**2.7%**



LOAN LOSS  
COVERAGE RATIO

**289.0%**

### BUSINESS HIGHLIGHTS

#### RESILIENT GROWTH

We shifted our key focus to improve on collections while ensuring sales growth with high quality assets.

- Strategic sales and marketing activities
- Revision in credit policy
- Prudent approach in assessing provisions

#### DIGITAL ACCELERATION

We consistently adapt to the fast changing digital landscape and improve on customer experience, turnaround time and productivity.

- Digitalising onboarding process
- Integrating value-added features into AEON Wallet app

#### WIDE RANGE OF QUALITY OFFERINGS

We offer a wide range of consumer financial products and services in order to best meet customers' needs while serving the underserved and unserved.

- Ventured into insurance broker business
- Obtained digital banking licence
- Privilege card for hawkers and small traders

#### STRATEGIC REGIONAL EXPANSION

We develop sound strategies and business planning to capture market share on a regional scale.

- Rationalisation of branches and cash deposit machines
- Expansion of telemarketing channel

### SUSTAINABILITY HIGHLIGHTS

TOTAL CSR  
INVESTMENT

**RM2.71**  
million



TOTAL NO. OF  
COMMUNITY  
MEMBERS REACHED

**24,270**



REDUCTION IN  
COMPLAINTS  
RECEIVED

**10.1%**



## AWARDS & RECOGNITIONS



**FTSE4Good**  
**Bursa Malaysia**  
**Index-ESG Grading Band**  
★★★★ 4/4



**MSWG-Top 100**  
**Companies**  
Corporate Governance  
Disclosure 2020



**Highest Return on Equity**  
**Over 3 Years in the Financial**  
**Service Category**  
Below RM10 billion Market Capitalisation  
(Adjusted weighted ROE over  
3 years of 21.2%)



**MSCI - ESG 2021**  
'A' Rating



**Most Outstanding**  
**Company in Malaysia**  
**– Financial Sector (tie)**  
Asiamoney Asia's Outstanding  
Company Poll 2021



**ESG Risk Rating**  
'Medium' Risk Rating

## 5-YEAR FINANCIAL HIGHLIGHTS

	GROUP	COMPANY			
	FYE2022 RM'000	FYE2021 RM'000	FYE2020 RM'000	FYE2019 RM'000	FYE2018 RM'000
<b>OPERATING RESULTS</b>					
Revenue	<b>1,524,880</b>	1,561,660	1,598,775	1,365,843	1,235,122
Profit from operations	<b>857,706</b>	682,780	715,663	725,071	625,646
Profit before tax	<b>526,820</b>	324,907	390,441	472,191	398,335
Profit after tax	<b>365,419</b>	233,957	292,046	354,624	300,057
<b>KEY FINANCIAL POSITION DATA</b>					
Total assets	<b>10,140,874</b>	10,231,421	10,434,657	8,655,754	7,705,685
Financing receivables	<b>9,101,111</b>	9,236,046	9,704,121	8,105,779	7,156,299
Plant and equipment	<b>144,289</b>	137,843	141,161	118,676	92,274
Cash, bank balances and deposits	<b>508,960</b>	439,549	132,798	92,429	83,681
Share capital	<b>584,012</b>	584,012	565,448	534,907	508,629
Shareholders' equity	<b>2,001,286</b>	1,693,192	1,557,359	1,498,981	1,581,503
Perpetual notes and sukuk	<b>200,000</b>	200,000	200,000	376,000	276,000
Total equity	<b>2,201,286</b>	1,893,192	1,757,359	1,874,981	1,857,503
Borrowings	<b>7,390,496</b>	7,662,910	8,197,668	6,430,012	5,554,119
Total liabilities	<b>7,939,588</b>	8,338,229	8,677,298	6,780,773	5,848,182
<b>STATISTICS/RATIOS</b>					
Net earnings per share (sen) *	<b>139.17</b>	87.67	107.48	133.55	139.23
Net dividends per ordinary share (sen)	<b>48.50</b>	29.20	36.25	44.60	41.13
Net assets per share (RM) **	<b>7.84</b>	6.63	6.14	5.98	6.37

**Note:-**

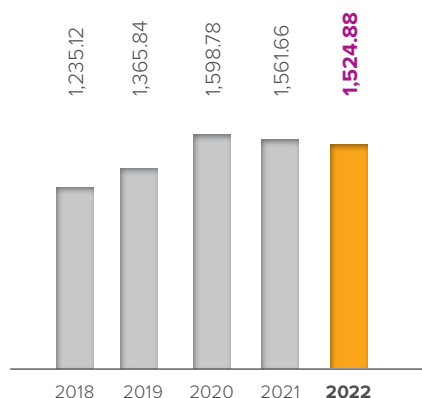
\* Earnings per share has been calculated based on weighted average number of ordinary shares in the respective year.

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



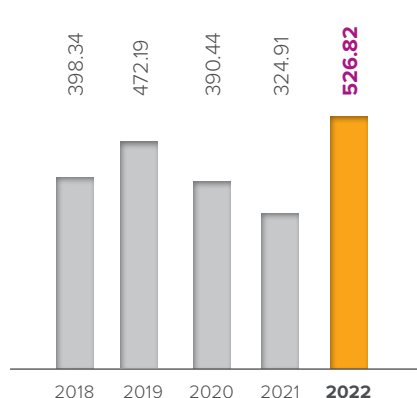
### REVENUE

(RM Million)



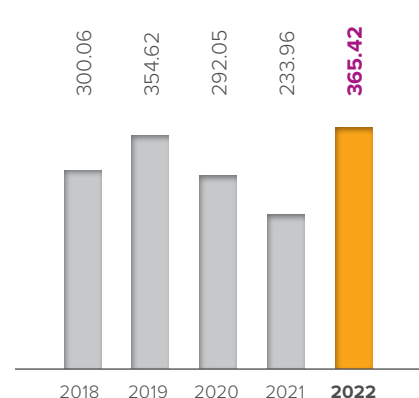
### PROFIT BEFORE TAX

(RM Million)



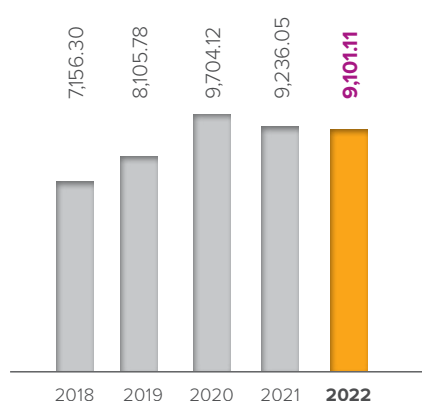
### PROFIT AFTER TAX

(RM Million)



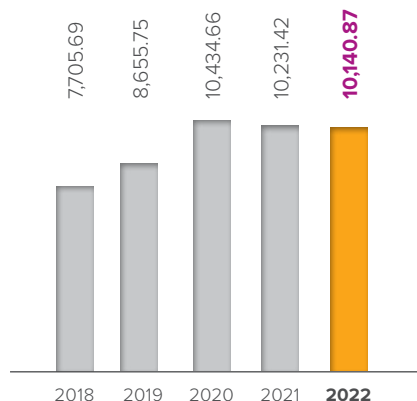
### NET FINANCING RECEIVABLES

(RM Million)



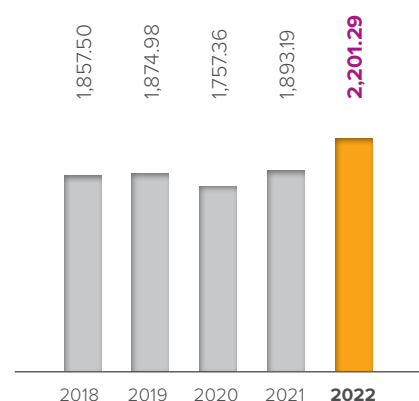
### TOTAL ASSETS

(RM Million)



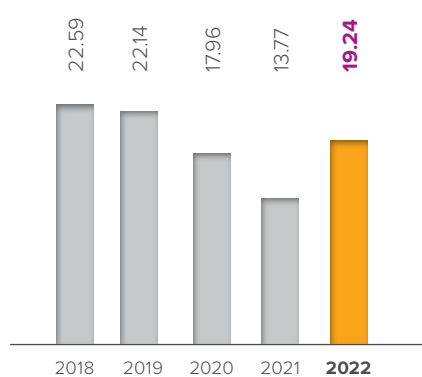
### TOTAL EQUITY

(RM Million)



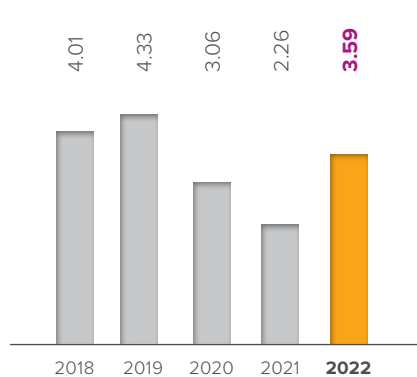
### RETURN ON EQUITY

(%)



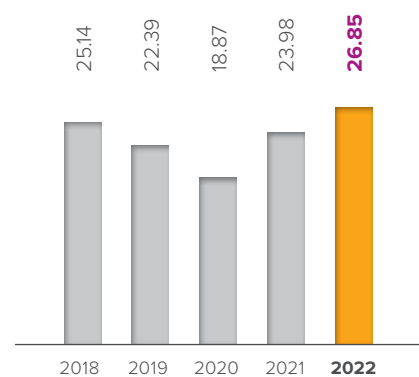
### RETURN ON ASSETS

(%)



### CAPITAL ADEQUACY RATIO

(%)

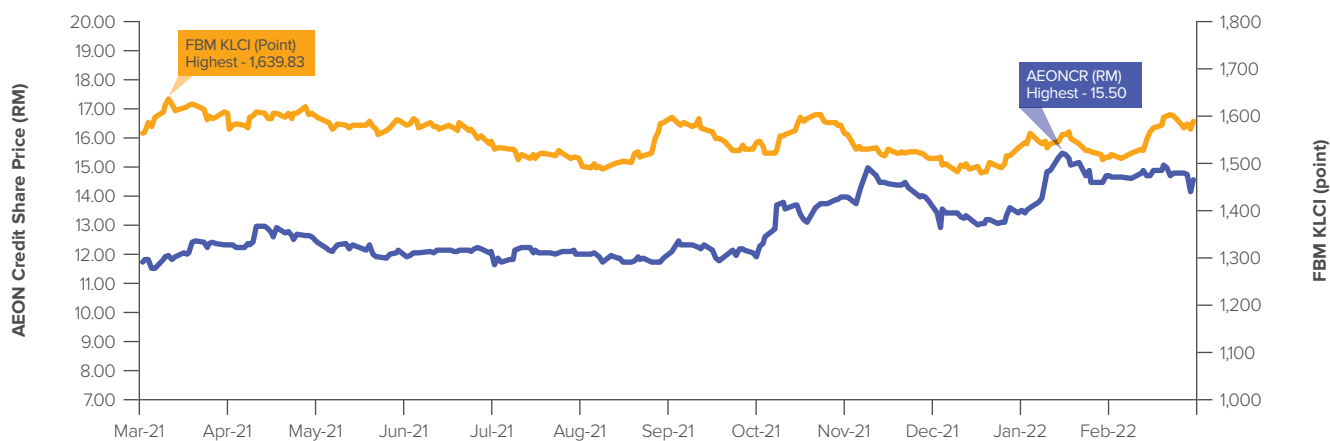


## INVESTOR INFORMATION

### SHARE PRICE

#### AEON Credit (AEONCR) Share Price vs. FBM KLCI

(1 March 2021 to 28 February 2022)

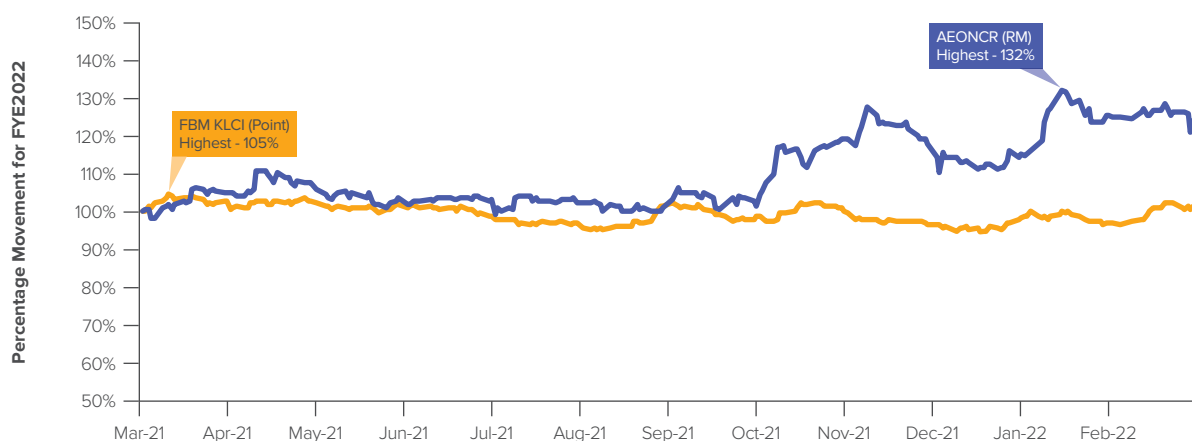


	AEONCR (RM)	FBM KLCI (POINT)
Highest	15.50	1,639.83
Lowest	11.48	1,480.92

— AEONCR — FBM KLCI

#### AEON Credit (AEONCR) Share Price Movement vs. FBM KLCI Movement

(1 March 2021 to 28 February 2022)



	AEONCR	FBM KLCI
Highest	132%	105%
Lowest	98%	94%

— AEONCR — FBM KLCI

## INVESTOR RELATIONS

The Group values the support of investors and the significant role of investors to realise the Group's growth plans. An effective investor relations programme has been developed to bridge the flow of information that is critical to the investment community. The Group spares no effort on the use of technology to maintain effective two-way communications between the Group and the investment community in line with the increasing adoption of digitalisation, which has been accelerated by the pandemic. AEON Credit has a dedicated investor relations team ("IR team") which is led by the Chief Corporate Officer ("CCO") and Chief Financial Officer ("CFO") who constantly relay feedback to the Senior Management and Board of Directors. The Group provides a timely, accurate and transparent information of the key strategic and financial performance to investors via multiple communication platforms. The Management devotes time to conduct conference calls with investors as well as maintain a comprehensive and up-to-date Investor Relations website.

## ANALYST BRIEFINGS

AEON Credit conducts analyst briefings on quarterly basis. During these briefings, the CFO presents the Group's financial and business performance as well as operational strategy and take questions from analysts for detailed discussion and explanation while the CCO and IR team are on hands to articulate more business-specific and operational queries. It is the IR team's responsibility to ensure that the financial statements are lodged to Bursa Malaysia on timely manner.

Date	Event	Type of meeting
7 July 2021	AEON Credit Q1FYE2022 Analyst Briefing	Conference Call
29 September 2021	AEON Credit Q2FYE2022 Analyst Briefing	Conference Call
24 December 2021	AEON Credit Q3FYE2022 Analyst Briefing	Conference Call
6 April 2022	AEON Credit Q4FYE2022 Analyst Briefing	Conference Call

## CONFERENCES AND ROADSHOWS

The CCO, CFO and IR team have participated in various conference calls in FYE2022 to brief investors on the Group's strategic plan and to provide an update on the financial performance. Despite the loosening of pandemic lockdown restrictions, we remain committed in adhering to the standard operating procedures ("SOP") of COVID-19 and played our role in minimising physical engagement.

Notwithstanding the foregoing, one-on-one and small group virtual meetings were conducted periodically to ensure a high level of investor engagement during the year. In FYE2022, we engaged with 286 participants including fund managers, bankers, researchers and analysts as compared to the previous year of 306 engagements. Moving forward, we intend to maintain our engagement activities with stakeholders while continuing to utilise the share register analysis to identify and earmark stakeholders who wish to participate.

No.	Date	Event	Type of meeting
1.	13 April 2021	UOB Kay Hian Malaysia Corporate Day E-Conference	Conference Call
2.	26 April 2021	CLSA Digitalisation Conference	Conference Call
3.	21 January 2022	RHB Retail Webinar	Conference Call

## RESEARCH COVERAGE

The Group is well covered by the investment community with an active coverage of seven research houses and is constantly monitored 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

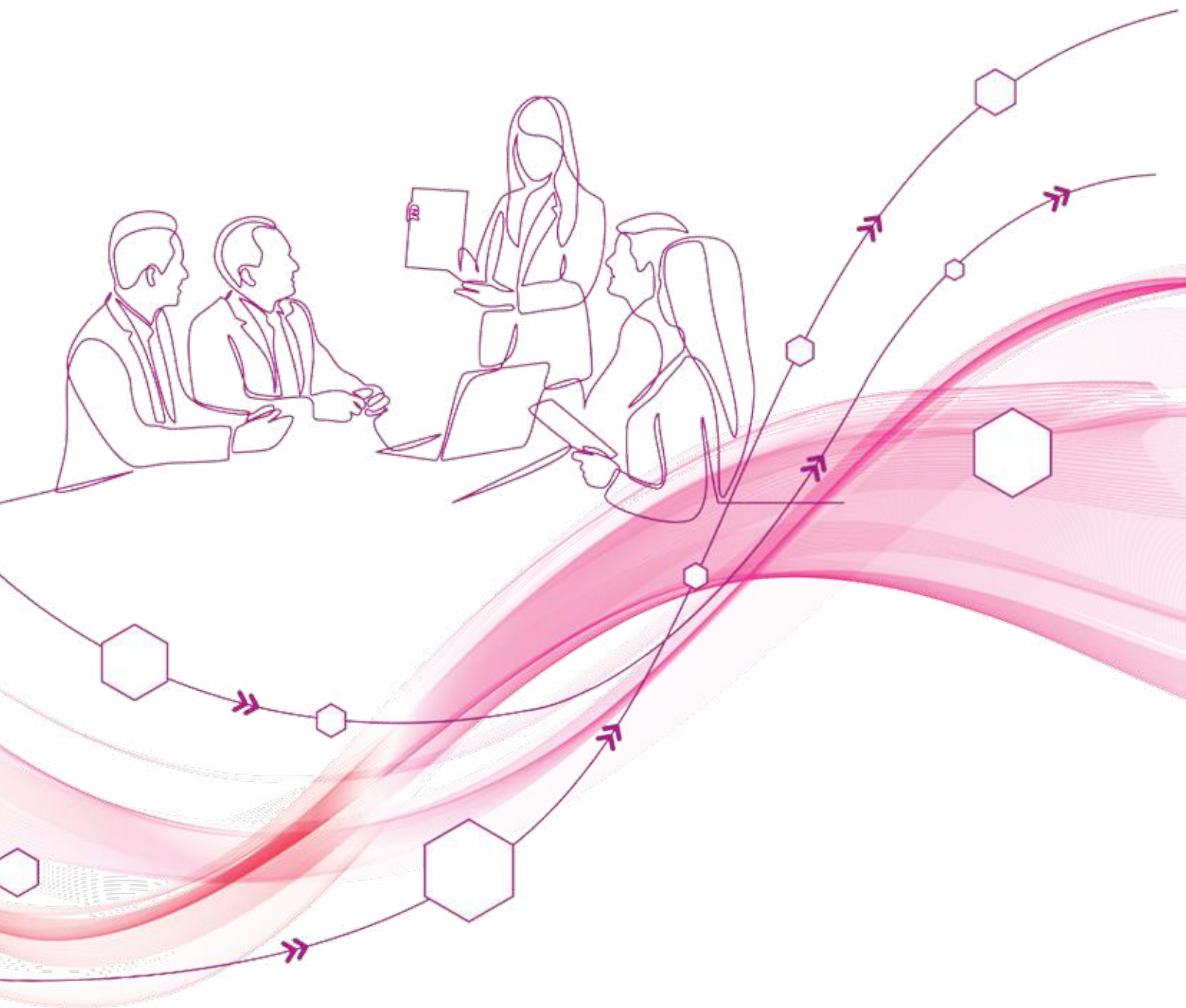


The 24<sup>th</sup> AGM was held virtually on 23 June 2021.

# Reflections From **Top Leadership**

**23** Chairman's Statement

**28** Management Discussion and Analysis



## CHAIRMAN'S STATEMENT

# Riding the New Wave



Dear Valued Stakeholders,

The prolonged pandemic phase was a good lesson on how we need to constantly be prepared to pivot when faced with the unexpected. The unprecedented challenges offered businesses an opportunity to reform strategies, expedite digital transformation and prioritise sustainability measures. AEON Credit Service (M) Berhad ("AEON Credit") and its subsidiary ("the Group") is riding this new wave of emerging opportunities in order to serve our customers better.

On behalf of the Board of Directors ("the Board"), I am honoured to have the opportunity to present AEON Credit's Integrated Annual Report for the financial year ended 28 February 2022 ("FYE2022").

**NG ENG KIAT**  
Chairman



## CHAIRMAN'S STATEMENT



**Our main priority is the continuous monitoring and vigilant assessment of inherent credit risks in our financing portfolios.**



REVENUE

**RM1.52 BILLION**

2021: RM1.56 BILLION



PROFIT AFTER TAX

**RM365 MILLION**

2021: RM234 MILLION



TOTAL EQUITY

**RM2.20 BILLION**

2021: RM1.89 BILLION

### OUR FOCUS IN A CHALLENGING MARKET ENVIRONMENT

AEON Credit faced its fair share of challenges in FYE2022, given that the COVID-19 pandemic continued to leave its impact on markets and economies. In 2021, the Malaysian government reimplemented Movement Control Orders ("MCO") which disrupted business operations nationwide. Rising inflationary pressure and the unexpected flash floods in several states in Malaysia during the year-end had posed further headwinds to the economic condition.

The gradual reopening of the economy, easing of containment measures, and

the increasing vaccination rate towards the end of the year was a silver lining. The Malaysian economy grew 3.1% in 2021 from a contraction of 5.6% in the previous year as economic activities gradually resumed, together with a recovery in the labour market amid continued policy support.

Operating amid the COVID-19 pandemic and working within what is fast becoming a new normal, the Group has demonstrated its resilience as an organisation that is agile and adaptive to secure long-term growth prospects as we coped against these uncertain times by fortifying our financial position while enhancing sustainability and digitalisation initiatives.

Our main priority is the continuous monitoring and vigilant assessment of inherent credit risks in our financing portfolios, with proactive attention focused on enhancement of asset quality, coupled with prudent cost management and improvement on financial and operational efficiencies by leveraging on positive business fundamentals.

Understanding that the MCO has been equally tough for our customers, we also proactively engaged with our customers to further understand their financial needs and provide them with AEON Financial Assistance Programmes and relief assistance through loan moratoriums and restructuring.



We implemented strategic plans to adapt to the economic uncertainties and potential changes in customers' spending behaviour, while setting up a solid foundation to capitalise on growth opportunities.

The pandemic has led to rapid technology advancement as industries scramble to survive in a new normal. At AEON Credit, we took the opportunity to strengthen our information technology capabilities and further digitalise our operations. Good progress was made as we completed several key initiatives such as enhancing the AEON Wallet offerings via integration with iAEON App and other business partners; implementing AI technology to advance consumer behavior analysis for targeted marketing and effective cross selling; and improving customer onboarding.

Having enhanced our core back-end system in FYE2022, we are now ready to explore new business possibilities and provide comprehensive retail finance solutions to customers as we move into the new financial year ending 28 February 2023 ("FYE2023").

### THE YEAR'S HIGHLIGHTS

Strongly committed in building AEON Credit's business sustainability and its growth agenda, several key achievements were recorded in FYE2022.

### COMPLETED ACQUISITION OF INSUREPRO SDN BHD

We completed the acquisition of an insurance broking company, Insurepro Sdn Bhd at end September 2021. The acquisition is aligned with our strategy of diversification to build a resilient business model, and grow our ability to offer more comprehensive insurance services as a licenced broker. This will enable AEON Credit to ramp up its currently small insurance business and ultimately help the Group in expanding its income base.

As a licenced broker, the Group can distribute an expanded range of conventional and takaful insurance products and services, including life insurance by leveraging on the AEON Group retail network and ecosystem.



### COMPLETION OF CORE SYSTEM MIGRATION

Our core system migration project was successfully completed in FYE2022 which makes us ready to embark on new digitalisation and transformation initiatives.

### FINANCIAL RESULTS IN FYE2022

The past two years have shown that financial performance is vulnerable to external forces. We have reshaped our portfolio with revisions in credit assessment criteria, improved cost efficiencies and enhanced technological infrastructure and capacity to improve on our productivity and also leverage on our branch resources and merchant network to serve target customers and extend our reach.

The Group recorded a profit after tax ("PAT") of RM365.42 million for FYE2022 compared to RM233.96 million in the previous financial year. This was mainly attributable to the higher transaction and financing volume as well as the reduction in allowance for impairment loss on financing receivables of RM205.14 million as a result of improved collection performance.

*Further details of the Group's financial performance are set out in the Management Discussion and Analysis section of this IAR.*

### DIVIDEND

The Board has recommended the payment of a final single-tier dividend of 15.00 sen per ordinary share and a special single-tier dividend of 5.00 sen per ordinary share in respect of FYE2022 to be paid on 21 July 2022, subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM"). Together with the interim dividend of 28.50 sen, total dividends for FYE2022 amounted to 48.50 sen, resulting in a dividend payout ratio of 33.9%.

### HUMAN CAPITAL

The COVID-19 pandemic remained the dominant challenge and grew in terms of the number of people infected. We worked tirelessly to safeguard the physical and mental well-being of our employees while ensuring that customers' needs were met. The Group has focused on protecting employees' health and safety by providing a safe and conducive workplace with extensive safety infrastructure, quarantine leave, medical costs coverage and work-from-home options to employees with 100% laptop use being implemented to drive productivity. Split operations and job rotations are being practiced, meetings are held virtually, the Work-From-Home Policy was revised and the Group also enhanced its COVID-19 pandemic related Standard Operating Procedure ("SOPs").

## CHAIRMAN'S STATEMENT

## FOCUS ON SUSTAINABILITY

In view of the heightened expectations among external stakeholders on AEON Credit's sustainability agenda and its commitments, as well as the increased requirements in the areas of governance, target setting, tracking and disclosures, the Group has established a Management Sustainability Committee ("MSC") in November 2021 comprising key members of Senior Management to assist the Board in overseeing the formulation, implementation and effective management of AEON Credit's sustainability strategies.

The MSC is expected to drive the Group's overall sustainability efforts and to achieve AEON Credit's three-year goal to be a leading Environmental, Social and Governance ("ESG") corporation in Malaysia.

On the Environmental front, a Mangrove Tree Planting Project was implemented on 22 January 2022, whereby 500 mangrove saplings were planted in Kota Belud, Sabah, in collaboration with Kota Kinabalu Wetlands Society, a NGO based in Sabah.

On the Social front, AEON Credit supported the Malaysian AEON Foundation's 'AEON Sayap Bagimu', a sustainable initiative for the nation that aims to provide opportunities, encouragement and support to communities in need.

## REINFORCING GOOD GOVERNANCE

Throughout the financial year, the Board remained committed to improve on our governance practices through better transparency, responsibility and accountability. From the onset of the pandemic, the Board conducted detailed discussions and maintained active oversight of the developing COVID-19 situation. We deliberated on measures and controls put in place including the financial assistance given to customers affected by the pandemic as well as its impact on the Group, its employees and business partners.

In further enhancing the Group's Governance, AEON Credit has established the Anti-Money Laundering and Counter-Terrorism Financing



**Our strategic approach ahead is aimed at building a sustainable income base with a diversified services portfolio for the Group and its stakeholders.**

("AML/CTF") monitoring system for on-going due diligence and at the same time, we continue to ensure integrity and safeguard against corruption by abiding to the established Anti-Bribery Management System Policy, Whistle-Blowing Policy and Entertainment and Gift Policy.

The Board directs the Group in the conduct of its affairs and provides sound leadership to the Management. We have 10 Board members (including four female directors) with a diverse range of competencies and extensive corporate experience. The make-up of our Board reflects diversity of gender, nationality, age, skills and expertise. Independent Directors form the majority of the Board.

In April 2021, the Securities Commission ("SC") issued updates to the Malaysian Code on Corporate Governance ("MCCG"), introducing new and enhanced best practices and further guidance to strengthen the corporate governance culture of public listed companies. In line with the revised MCCG, AEON Credit has restructured its composition of Board Committees and revised the Board Charter in 2021.

## ECONOMIC OUTLOOK

While we remain cautiously optimistic for the immediate future, we take note that the market environment for the year ahead remains volatile as we contend not just with the resurgence of new variants of COVID-19, but with the

impact of the Russia-Ukraine conflict which will affect commodity and material prices, as well as supply chains.

However, for now, the country has transited from a pandemic to an endemic phase on the back of high vaccination rates and the implementation of the National Recovery Plan ("NRP"), which bodes well for the recovering economy. Gross Domestic Product ("GDP") for 2022 is expected to grow between 5.3% to 6.3% on the normalisation of economic and social activities, and resumption of projects with high multiplier effects.

The domestic demand recovery is projected to continue, anchored by private consumption, following the gradual improvement in labour market conditions amid a relaxation of containment measures, improved consumer sentiments and optimism from the vaccine rollout as well as targeted policy support for vulnerable households.

Progressively advancing our business strategies in digitalisation and insurance brokerage, AEON Credit is solidly focused on growing market share and taking advantage of emerging opportunities. The Board is fully supportive of the Group in this journey and will provide the required leadership and guidance from accumulated years of experience in the industry.

Our strategic approach ahead is aimed at building a sustainable income base with a diversified services portfolio for the Group and its stakeholders, underscored by efforts to elevate the brand value and sustainability initiatives, while gaining leadership on the digital fronts.

We will prudently focus on reviewing the risk and credit control on financing applications to sustain healthy asset quality, while easing credit assessment criteria for certain products and customers to a pre-COVID-19 level. This approach is the key to strengthening our fundamentals to sustain, adapt and future-proof our business for the changing times ahead.

## OUR STRATEGIES

To stay competitive in the ever evolving market, we believe that the digitalisation of our business will be the key towards sustainable growth. On our digitalisation journey, AEON Credit's goal is committed to enhance our digital platforms to keep up in today's highly competitive environment. This transformation will allow us to connect with our customers directly, proactively offering personalised solutions, which will simplify and automate our operational processes and improve efficiency, in line with our vision to be a leading innovative retail fintech company in Malaysia.

Our aim is to enter an era of digitalisation with the introduction of several key products that will push AEON Credit into a new future of retail financing.

In expanding our reach to untapped rural and semi-rural areas, we intend to leverage on AEON Group's retail network and ecosystem to capture the increasing demand for insurance services, and in underserved markets by providing customised solutions that meet our customers' habits, needs and lifestyles.

## NEW MILESTONE

During the year under review, AEON Credit, together with its Joint Venture ("JV") consortium parties, AEON Financial Service Co., Ltd. and MoneyLion Inc. ("MLI") submitted a joint application for an Islamic Digital Bank ("IDB") Licence to Bank Negara Malaysia ("BNM").

On 29 April 2022, we were notified by BNM that the Minister of Finance has approved the issue of an IDB licence to a company to be formed by the JV consortium parties. This puts us in readiness to be part of Malaysia's journey in advancing its financial inclusion agenda as the licence will enable us to expand the scope of our offerings to reach a wider pool of customers. Anchored on our aspiration to better society, leveraging on AEON Group's retail strength, and empowered by transformative technology expertise from our digital partner, MLI, we are committed to build a Digital Bank that



will be at the forefront of transcending the boundaries of technology, banking and humanity.

## GOING FORWARD

The world seems ready to open up and we are learning to live with COVID-19. At the same time, geopolitics is casting some shadows and the macroeconomic policy pathways are uncertain. In such an environment, we have to continue to be watchful and nimble. We take heart that our business pipeline is robust. Looking further out, given that technological changes could fundamentally reshape the financial system, we must do what we can to be ahead of the curve. In short, while 2021 was a good and progressive year, we will continue to re-position ourselves as the most preferred non-bank financial services provider of the future.

## IN APPRECIATION

The Board and I would like to take this opportunity to thank Dato' Md Kamal bin Ismaun, Yuro Kisaka and Masaaki Mangetsu who retired on 23 June 2021, for their dedicated service. We wish them well in all future endeavours. In their stead, we welcome AEON Credit's new Managing Director, Daisuke Maeda and fellow director, Mitsugu Tamai, who were appointed on 23 June 2021. They bring with them extensive experience within the global AEON Credit ecosystem which will be an asset for the next chapter of growth for the Group.

On behalf of the Board, I would like to record my sincere appreciation to our shareholders, customers, business partners, as well as regulators and the media for their steadfast support and continued trust in us.

Salutations too to our employees who have performed with passion, professionalism and dedication, particularly our frontliners who continued to tirelessly serve our customers throughout these extraordinary times. Our people are our future. With the guidance of a strong leadership team and aligned to our AEON culture, I believe we are in a good position to drive our strategies forward and deliver value to our stakeholders.

My appreciation also goes out to my fellow colleagues on the Board for their invaluable support and counsel. On a personal note, I am honoured to helm the Board and look forward to a new era of the Group realising its aspirations. With a sound strategy, an invigorated team and a strong resolve to ride a new wave of opportunities, I believe we are in a good position to resolutely drive progress and build value for our stakeholders.

Thank you.

**NG ENG KIAT**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### RIDING THE NEW WAVE

**Rising from pandemic challenges, a new business environment has emerged. AEON Credit Service (M) Berhad (“AEON Credit” or the “Group”) must now ride a new wave of digital transformation and innovation in order to thrive in an increasingly competitive environment. This year’s Management Discussion and Analysis covers the strategic and business reviews of the reporting year and shares the Group’s direction moving ahead.**



**DAISUKE MAEDA**  
Managing Director

#### FYE2022 MARKET ENVIRONMENT

The year 2021 began with hope, given the extensive vaccination programmes that have resulted in the easing of containment measures. However, the situation was then clouded by uncertainty as new COVID-19 variants led to pandemic disruptions in the economic sector again. Towards the end of 2021, global economic growth showed signs of recovery supported by the re-opening of economic sectors though inflation in major economies remained high given that the supply chain disruptions that tempered demand recovery and unexpected flash floods in several states in Malaysia at the year-end had posed further headwinds to the economic condition.

Malaysia’s GDP expanded by 3.1% in 2021 (2020: -5.6%) driven by strong external demand and gradual improvement in domestic consumer and business sentiment following the easing of containment measures. The Government introduced four stimulus packages totalling RM225 billion, with a fiscal injection of RM25 billion, in a bid to continue assisting people and businesses to get through the financial difficulties posed by the extended MCO. A low-interest-rate environment and rapid technological development continued to prevail to support economic activity and accelerate contactless transactions. The lifting of restrictions after the third quarter, when nationwide vaccinations reached a significant number, has led to a recovery trend in personal consumption which forecast a hopeful turnaround for most businesses in 2022.

#### IMPACT ON OUR PERFORMANCE

The main business priorities for AEON Credit in FYE2022 were gaining digital readiness to accelerate our digital transformation and cost efficiency capabilities, while stabilising impairment losses on its financing receivables.

With the COVID-19 pandemic heavily weighing on the economy, we were also concerned about assisting customers who faced repayment constraints since 2020, and thus intensified the implementation of various relief assistance packages towards this end. These relief assistance packages include loan moratoriums, debt refinancing and restructuring, AEON Financial Assistance Programme, and collaborations with Agensi Kaunseling & Pengurusan Kredit (“AKPK”) to service the needs of different customers with varying financial conditions, and ensure that they are able to overcome their financial difficulties.

The Group’s strong commitment to its customers’ welfare was further reflected in its participation in the offering of payment holidays to customers affected by the recent floods. As at end of February 2022, about RM1.09 million have been approved under the payment holiday programme, benefitting 341 customers.

On the business front, there was a pick-up arising from the opening up of the economy in stages under the NRP. The implementation of marketing campaigns and the gradual easing of credit assessment criteria back to pre-COVID levels had translated into higher number of applications and approvals. Increased footfall in shopping malls and the reopening of branches and merchant outlets had also lent support to the sales and receivables recovery.

However, our core focus in Motorcycle Financing and Auto Financing were affected by inventory shortages due to supply chain disruption and the year-end floods which ravaged the nation.



## FINANCIAL PERFORMANCE REVIEW

Amidst a challenging operating environment, the Group has recorded another profitable year for FYE2022. AEON Credit's transaction and financing ("T&F") volume for the FYE2022 registered an increase of 12.8% to RM4.77 billion as compared to RM4.23 billion recorded in the previous financial year ended 28 February 2021 ("FYE2021"). However, the Group's revenue fell 2.4% year-on-year ("YoY") to RM1.52 billion in FYE2022 from RM1.56 billion a year ago due to the lower interest income recorded from a lower average financing receivables base.

The Group's other income increased by 24.8% to RM181.36 million for FYE2022 (FYE2021: RM145.28 million) on the back of improved bad debt recoveries, commission income from sale of insurance products and interest/profit income from deposits with licenced financial institutions.

Operating expenses saw a 171% decrease YoY to RM848.53 million (FYE2021: RM1,024.16 million) which resulted in the lower ratio of total operating expenses against revenue for FYE2022 of 55.6% (FYE2021: 65.6%) arising mainly from lower impairment

loss on financing receivables by RM205.14 million to RM303.28 million (FYE2021: RM508.42 million), partially offset by higher operating expenses in line with higher T&F volume.

The Group continues to pursue its cost optimisation strategy by focusing on cultivating discretionary spending, concentrating on developing its talent pool as well as building digital solutions to improve customer experience and operational efficiency.

The Group recorded a profit before tax ("PBT") of RM526.82 million in FYE2022, improved by 62.1% from RM324.91 million reported in FYE2021. This was contributed by higher transaction volume and improved collection performance. Under the Malaysia Finance Act 2021, AEON Credit has provided for RM33.33 million of prosperity tax ("Cukai Makmur") in respect of the chargeable income of the Company in excess of RM100 million which is taxed at 33% during the financial year. As a result, profit after tax ("PAT") came in at RM365.42 million, increased by 56.2%. Earnings per share generated for FYE2022 improved to 139.17 sen (FYE2021: 87.67 sen).

## FINANCIAL POSITION

AEON Credit's strategic focus in ensuring recovery and growth with the implementation of various counteractions against the impact of COVID-19 had served the Group well. Financial position remains healthy and strong with total equity increasing to RM2.20 billion as at 28 February 2022 which translated to net assets per share of RM7.84 (2021: RM6.63).

The Group's gross financing receivables contracted by 2.2% to RM9.86 billion as at 28 February 2022 compared to RM10.08 billion as at 28 February 2021. The decline was mainly due to the impact of business restrictions under various MCOs implemented in the past two years that resulted in many businesses facing various challenges besides the tightening of credit criteria to fortify its asset quality.

Slight deterioration is noticeable in overall asset quality with higher Non-Performing Loans ("NPL") ratio standing at 2.66% as at end FYE2022 from 2.46% recorded in FYE2021. Net credit cost on average financing receivables of 1.47% was lower compared to 3.74% in FYE2021 reflecting the effectiveness of measures taken by the Group in maintaining a satisfactory

## MANAGEMENT DISCUSSION AND ANALYSIS

### RIDING THE NEW WAVE

quality of receivables, including strengthening of credit policies and revision in credit assessment criteria for various customer segments. As the economy remained uncertain, the Group continues to be prudent in setting aside additional provisions against potential credit losses. Loan loss coverage ratio stood at 289.0% for FYE2022 as compared to 339.0% for FYE2021.

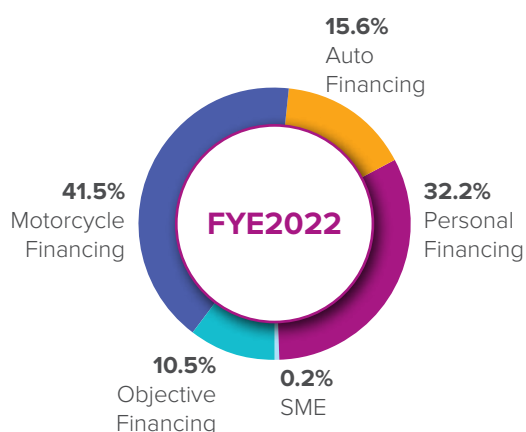
The Group's capital adequacy ratio ("CAR") has strengthened to 26.8% in FYE2022 from 24.0% in FYE2021, the strong capital position provides ample headroom for growth in the future. The Group recorded a Return on Equity ("ROE") and Return on Assets ("ROA") of 19.2% and 3.6% respectively. Debt-to-equity ratio improved from 3.8 times to 3.1 times.

#### BUSINESS OPERATION REVIEW

##### EASY PAYMENT AND PERSONAL FINANCING BUSINESS

Easy Payment and Personal Financing schemes recorded RM3,125.99 million in financing volume, an increase of 20.0% from RM2,604.50 million in FYE2021. The Group has revised its product strategy and tightened credit policies for all its product offerings in response to the imposition of MCO and market impediments which were gradually lifted with the reactivation of the economy in the second half of 2021.

Business Contributions (%)



Total: RM3,125.99 million

##### MOTORCYCLE FINANCING AND AUTO FINANCING

Performance for Motorcycle Financing and Auto Financing were impacted by supply chain disruption and the closure of merchant operations during the year. Sales activities rebounded in the second half of the year following the market reopening, however the inventory supply chain was also impacted by the unexpected flood situation experienced at the year end.

Motorcycle Financing remained as one of the key portfolio in AEON Credit, representing about 34.8% of the Group's total loan portfolio despite financing volume declining from RM1,408.78 million to RM1,298.45 million. Auto Financing volume increased by 18.9% to RM486.70 million.

Within an environment of heightened competition among auto vehicle financiers, AEON Credit continued to drive business volume and market share through a targeted sales strategy, improved turnaround time for hire purchase loan via electronic Know-Your-Customer or e-KYC, marketing initiatives as well as strengthened merchant management.

##### PERSONAL FINANCING AND OBJECTIVE FINANCING

Personal Financing volume grew by 77.8% to RM1,007.94 million while Objective Financing business volume increased by 51.9% to RM328.59 million as compared to FYE2021. Overall sales improved upon the gradual reopening of the economy in November 2021, driven by consumer marketing campaigns and sales booster incentive campaigns, coupled with better approval ratio and better branch staff productivity management.

The expansion of core businesses continues to be our main priority where the Group is focusing on products with better profitability by reviewing the market and industry potentials, customer segments and geographical inputs.

##### SETTLEMENT BUSINESS

In FYE2022, our card business recorded a decrease in new customer acquisition for credit card as well as merchant recruitment due to pandemic-related disruptions. Total credit card sales transaction volume and receivables declined by 1.4% to RM1,456.17 million and 10.9% to RM722.01 million respectively. AEON Classic Card contributed the highest revenue among all card types due to its largest portfolio.

Acquiring transactions recorded at RM1,644.33 million in FYE2022, an 8% increase from FYE2021. About 87.7% of the acquiring transactions were derived from AEON Group of Companies, which represented a 2.3% increase compared to the previous year despite the reduction in shopping footfall due to the spike in COVID-19 cases.

E-money business continued to perform well, with card base increasing by 10.4% to 2.20 million. AEON Member Plus ("AMP") card and AEON Wallet transactions volume grew by 26.0% to RM186.45 million YoY.

To improve the convenience of the payment app, the AEON Wallet features were enhanced to include application of AEON Member Plus Visa card and credit card via AEON Wallet, loyalty points redemption, monthly e-statement as well as enabling credit card payment function via the e-wallet.

Going forward, AEON Credit will continue to focus on driving the credit card base via marketing efforts to acquire new customers through cross-selling initiatives as well as retention of existing customers. Apart from the aggressive rollout of various marketing campaigns for credit cards, we have continued to strengthen the collaboration with AEON Group of Companies and also enhanced the card features to attract non-AEON customers.



## OUR INITIATIVES IN THE FINANCIAL YEAR

Positive progress was recorded on several strategic fronts, placing AEON Credit in a better position for growth in FYE2023 as we reached key milestones in digitalisation and the development of new revenue resources.

### DIGITALISATION

Globally, growth within the digital economy has understandably accelerated as the COVID-19 pandemic gave birth to new digital businesses and forced traditional brick-and-mortar enterprises to pivot online. In Malaysia, the Malaysia Digital Economy Blueprint ("MyDIGITAL") is now deemed a critical enabler in realising the Twelfth Malaysia Plan, 2021-2025 ("RMKe-12"). In facing the digital economy transformation, it is imperative for AEON Credit to take the necessary steps to adapt and address the changing business environment where speed and accessibility determines success.

To date, AEON Credit has achieved the digitalisation of application processes, and is able to leverage on the speed and accuracy of artificial intelligence ("AI") to refine credit assessment which helps to reduce the ratio of delinquent receivables and offer pre-assessed loan amount to customers. Backend fortification works were ongoing to upgrade end-to-end digital onboarding processes from customer application to settlement.

During the financial year, we rolled out the e-KYC to improve the transaction processing turnaround time to five

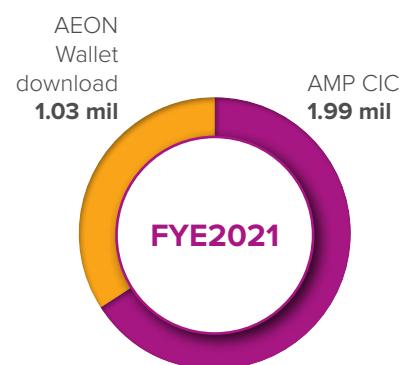
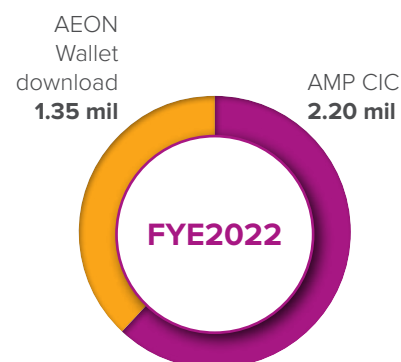
minutes by fully automating the application process, without the need for face-to-face contact. We are happy to report that currently, all our Easy Payment products are using online submission via identity authentication, biometrics, and e-KYC.

Moving forward into FYE2023, the Group is building an even more dynamic digital platform towards harnessing the possibilities of Super Apps. These include full digitalisation of onboarding process with e-mandate, digital signature, and e-storage for Personal Financing and Credit Cards.

As at 28 February 2022, we have a total of 2.20 million AMP cards in circulation ("CIC") and 1.35 million AEON Wallet downloads. In order to leverage on new contact leads through the AEON Wallet, in the first quarter of 2022, we launched the AEON Wallet contact leads form with a new feature to enable online application of AEON Credit products such as personal financing and credit cards via AEON Wallet. Customers can choose to apply directly through our online application platform or via our branches.

At present, AEON Wallet and AMP cards are enabled for settlement. Moving forward, we aim to centralise AEON Group's products and services under one main customer platform. Several enhancement plans in the pipeline include Peer-to-Peer ("P2P") transfer, Auto Reload and a tiered membership function.

### AMP card and AEON Wallet volume growth



### BACK OFFICE SYSTEM AND OPERATION INITIATIVES

#### • Enabling Work from Home Capabilities

For the year under review, the Group has fully migrated from desktop to laptop environment for all of its employees to facilitate work from home arrangement. This was fulfilled by enhancing digital infrastructure and upgrading network capacity to increase work mobility.

#### • Completion of Core System Replacement

In order to speed up our digitalisation efforts and further improve user experience, the project for system infrastructure and architecture replacement was kickstarted in year 2020. In May 2021, we have completed the replacement of the Core System for our Credit Card business and in January 2022, this was further fulfilled for our easy payment and financing operations.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RIDING THE NEW WAVE

#### • Vendor e-Invoice system

In FYE2022, we completed the vendor e-Invoice system automation which allows businesses/vendors to submit their digitalised invoices to AEON Credit instead of manual invoice submission in order to improve the productivity of finance payment, cut down manual data entry and also reduce paper consumption.

#### NEW INCOME SOURCE FOR FUTURE GROWTH

#### • Completion of acquisition of Insurepro Sdn Bhd (“Insurepro”)

In end September 2021, upon obtaining the approval from Bank Negara Malaysia (“BNM”), AEON Credit acquired 100% equity interest in Insurepro, making it a wholly-owned subsidiary of AEON Credit Service (M) Berhad. As Insurepro is principally engaged in conventional and takaful insurance broking business, the acquisition will allow AEON Credit to further expand into the insurance market and capitalise on new opportunities by transforming it into an insurtech company. With the new insurtech availability in the market, Insurepro can offer expanded insurance and protection schemes direct to consumers (“DTC”) via online tools with more pricing and product options as an advantage of being a broker. Furthermore, we shall be able to provide a one-stop service to our customer base of more than three million mainly from the B40 group, as well as enhance our service offerings as compared to aggregators with stricter compliance to BNM guidelines. Similar with AEON Credit’s main strategy, Insurepro shall continue to serve the underserved customer segments with micro-insurance products, by offering affordable premium with simple insurance plans.

With the rising demand of insurance and growing popularity of the DTC approach, we are confident that this acquisition will multiply AEON Credit’s income from insurance, which currently makes up less than 5% of our total income.

#### • Award of Islamic Digital Bank Licence from the Minister of Finance

A new milestone in our journey to become a Digital Bank has been achieved subsequent to the financial year. After submitting a joint application to BNM for a digital bank licence on 30 June 2021, the AEON consortium obtained approval from the Minister of Finance for an Islamic Digital Banking licence in Malaysia on 29 April 2022.

Comprising AEON Credit, its parent company AEON Financial Service Co., Ltd. (“AFS”), and technology partner MoneyLion Inc., the consortium has the combined expertise of all three companies in providing financial services and solutions to customers, especially from the underserved and unserved market segments with a new business model in the market, adding dynamism to the banking landscape and contributing to the financial inclusion agenda in Malaysia.

We are confident that with our 25-year track record operating in Malaysia, with over four million customers, an ecosystem of 64 outlets, and multiple product offerings, we have the infrastructure and resources required to design hyper-personalised products and services to extend our customer reach.

#### HUMAN RESOURCE DEVELOPMENT

The transformations we are making on the digitalisation front have to be accompanied with the acquisition of the right talents and grooming of new capabilities within our people. In order to evolve as an innovative

Fintech company, it is vital that we attract the right talents with a good work environment that nurtures high employee satisfaction.

Therefore, in FYE2022, we continued investing in our people by providing them with various virtual trainings despite the challenges during the pandemic. A total of 27,892 training hours (average 9.4 hours per employee) were invested on our employees in FYE2022.

We also spent RM1.61 million to energise our Management Team with a two-year external Coaching Programme (2021 and 2022) for Senior Management positions.

In order to champion a fulfilling career development pathway, we conducted the annual Employee Promotion Assessment in December 2021 and a total of 2,213 employees were given the opportunity to undertake the examination. This system promotes transparency and encourages our people to continue learning and achieve success in AEON Credit.

Last but not least, in evolving as an employer of choice, we launched our first Management Trainee programme in 2021 with the pioneer batch graduating at the end of FYE2022. Through this programme, we have successfully nurtured and retained five young talents and they will continue to grow their career path with AEON Credit after completing the two-year programme.

These efforts lay the foundation of our plans to nurture talents that will help us to achieve our progressive goal of becoming a well-regarded innovative Fintech company.



**ENSURING SUSTAINABLE VALUE DELIVERY**

AEON Credit places great importance on environmental, social and governance (“ESG”) issues. We recognise that within a crowded marketplace, a company’s ESG commitment is increasingly a key factor in attracting and retaining a loyal customer base. In stepping up our ESG journey, AEON Credit has formalised commitments to strengthen sustainable business practices and integrate ESG principles into our daily operation.

This was initiated by successfully establishing a Management Sustainability Committee to drive the Sustainability agenda for the Group by overseeing all sustainability related matters including reviewing the overall sustainability plans, objectives and performance towards set key performance indicators to be achieved by FYE2026.

In moving ESG up the agenda for FYE2022, a growing focus on Climate Change is being explored. Towards this end, we intend to be guided by BNM’s guidance document named Climate Change and Principle-based Taxonomy (“CCPT”) for financial institutions to use to assess and classify economic activities that contribute to climate change mitigation and adaptation.

The engagement with subject experts will enable the process of knowledge transfer. This allows AEON Credit to establish its ESG Framework and 3-year ESG Roadmap with set ESG KPI targets.

Moving forward, we intend to continue committing to our ESG initiatives while delivering sustainable earnings to our shareholders.



**Enhanced risk management, continued cost discipline and expansion of core businesses will remain as our priorities to sustain growth.**

**OUTLOOK AND PROSPECTS FOR FYE2023**

Malaysia’s economic growth is anticipated to accelerate in 2022 after navigating a bumpy and uneven recovery in 2021. High vaccination coverage and active vaccine booster shot rollout are expected to support consumer and business sentiment amid sizeable fiscal support and accommodative monetary policy. However, the geopolitical risk and ability of the vaccines to guard against any new COVID-19 variants remains a concern to the strength of the recovery.

As the economy gradually recovers, AEON Credit expects the financial performance for FYE2023 to further improve, driven by topline growth which will be supported by positive asset growth momentum with sustained

interest yields. Digital reliability and customer centricity will drive our focus as more touchpoints move towards digital channels particularly in the end to end onboarding process, which is to be completed in this financial year. This will enable us to reach out to unserved markets and improve operation resiliency.

Moving forward, enhanced risk management, continued cost discipline and expansion of core businesses will remain as our priorities to sustain growth.

**ACKNOWLEDGEMENTS**

I would like to convey my deepest gratitude to all AEON Credit employees for their unwavering support and hard work throughout this financial year. Despite the challenges, our employees managed to work together as a team towards the betterment of AEON Credit. The Group’s improved performance is a strong testament of our employees’ dedication and relentless efforts.

My appreciation goes to the Board of Directors for their leadership, counsel and guidance, and to our Senior Management team for their hard work and dedication, without which the Group would not have achieved its positive momentum over the past year.

Gratitude should also go to our customers for their continued patronage and loyalty, our business partners and shareholders, as well as other stakeholders who have journeyed together with AEON Credit.

Together, let us strive forward to overcome the challenges ahead and to scale new heights of growth and progress.

**DAISUKE MAEDA**  
Managing Director





# Strategies To Create Value

**35** Our Operating Landscape

**36** Our Value Creation Model

**38** Key Risks and Mitigation

**40** Stakeholder Engagement and  
Material Sustainability Matters

**45** Our Strategy and Link to  
Material Sustainability Matters



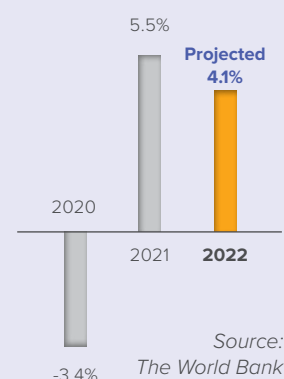
## OUR OPERATING LANDSCAPE

### THE GLOBAL ECONOMY

Global economic activities rebounded strongly to 5.5% in 2021, after a negative growth of 3.4% in 2020. This was due to relaxation of pandemic-related lockdowns in many countries which helped boost demand.

However, resurgences of the COVID-19 infections due to new variants, and widespread supply bottlenecks weighed negatively on global activity in the second half of the year. There exists a disparity in recovery between the developed countries with successful vaccination programmes, and the emerging market and developing economies that recorded slower vaccination progress.

Global growth is expected to decelerate markedly to 4.1% in 2022, mostly due to the impact of Russia's invasion of Ukraine on 24 February 2022. The incident has disrupted commodity supply, leading to higher commodity prices and inflation. On-going supply-chain bottlenecks, rising inflationary pressures, and elevated levels of financial vulnerability in large parts of the world increase the possibility of economic deceleration.



### THE OPERATING LANDSCAPE IN MALAYSIA

Despite the global headwinds, the Malaysian economy is expected to progress steadily, underpinned by the continued expansion in external demand, full repeal of containment measures, reopening of international borders, and further improvement in labour market conditions.

The Malaysian economy ended 2021 with the economy expanding to 3.4%, after the contraction of 5.6% in 2020. Growth was below expectations due to the re-imposition of nationwide containment measures from June to September 2021.

As pandemic restrictions were eased from October 2021 towards full upliftment in 2022, economic activities have started to pick up and labour market conditions are improving. Domestic GDP rebounded to 3.6% in Q4 2021, a clear signal on economic recovery momentum. BNM forecasted a sustainable and resilient economic outlook with GDP growth projected to expand between 5.3% to 6.3% in 2022, driven by continued external demand and improved domestic economic activity.

There is improvement in labour market conditions and a higher minimum wage was implemented on 1 May 2022. In addition to the one-off EPF withdrawal of RM10,000, these are expected to grow private consumption by 9% in 2022, from a low of 1.9% in 2021.

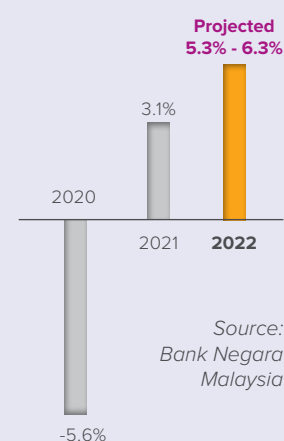
Manufacturing sector has been robust, surpassing 2019 growth levels, as was Information & Communication, Finance & Insurance, and Utilities sub sectors. Tourism industry is projected to rebound strongly in 2022 with the reopening of interstate and international borders. There is also growth in wholesales and online retail trade with the wider surge of e-commerce and rapid transition to digitalisation.

**IMPACT:** In 2021, AEON Credit navigated through unexpected challenges of flood impact and spike of COVID-19 cases due to the emergence of the highly transmissible Omicron variant. Outsourcing collections to external collection agencies was implemented as counter measure to manage lower staff productivity during this period.

**IMPACT:** As economic conditions steadily strengthen, credit flow to the private sector is expected to pick up and subsequently lead to more demand for AEON Credit's financing services.

**IMPACT:** These point to a recovery in disposable income and consumer spending as well as the subsequent revival of the retail sector. Stronger purchasing power and better loan repayment capabilities will improve our collection performance.

**IMPACT:** With the relaxation of travel restrictions, tourist arrivals and domestic tourism are benefitting the services sector. Tourism and retail activities will boost AEON Credit's credit card and easy payment sales.





## OUR VALUE CREATION MODEL

### OUR CORPORATE PHILOSOPHY

To support customers' lifestyles and enable each individual to maximise future opportunities through effective use of credit

### OUR 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. We adhere to a strict code of corporate ethics and, at the same time, engage in activities which contribute to society

## Inputs

## Activities

### Capital Components



#### INTELLECTUAL

##### Products, System and Platforms

- Core System
- AEON Wallet

##### Leadership and Repute

- Strategic business partner
- Serving the underserved community and M40 groups since 1996



#### FINANCIAL

##### Finance

- Revenue: RM1.52 billion
- Total assets: RM10.14 billion
- Market capitalisation: RM3.75 billion
- Total equity: RM2.20 billion



#### HUMAN

##### Managing our Workforce

- Total no of staff: 2,991
- Enhanced Employee Value Proposition
- RM1.32 million invested in Training & Development
- RM2.32 million Staff Welfare Fund



#### MANUFACTURED

##### Facilities and infrastructure

- 64 branches nationwide
- 129 Cash Deposit Machine
- 45 E-Money Kiosks



#### SOCIAL & RELATIONSHIP

##### Building Long-term Partnerships

- Total no of vendors: 4,745

##### Uplifting the Community

- Total community investment: RM2.71 million



#### NATURAL

##### Resource Management

- Emphasis on social activities with environmental impact

### Key Risks & Opportunities



#### CREDIT RISK

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



#### FINANCIAL RISK

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



#### OPERATIONAL RISK

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



#### CYBER RISK

To ensure continuous availability of services to customers and adequate protection of customer and the Group's data

CHANGING MARKET ENVIRONMENT

Understanding societal needs and stakeholder expectations

Communicating through stakeholder engagement

Creating shared value

### Our Promise to Our Stakeholders

#### AEON Credit and Our Customers

AEON Credit 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 Credit's never-ending mission is to make a positive contribution to customer lifestyles.

#### AEON Credit and the Local Community

AEON Credit 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 Credit and Our Business Partners

AEON Credit 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.

**OUR BASIC PRINCIPLES**

- ENSURING PEACE
  - RESPECTING HUMANITY
  - CONTRIBUTING TO LOCAL COMMUNITIES
- Always with CUSTOMERS POINT OF VIEW as our core

**OUR HUMAN RESOURCE PRINCIPLES**

- FAIRNESS
- RESPECT
- OPENNESS TO CHANGE
- RATIONALITY
- ABILITY DEVELOPMENT

**Strategic Drivers****Outputs****Impact on Stakeholders****Digitalisation**

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

**Sales and Receivables Growth Strategy**

Driving towards business expansion

**Operation Efficiency**

To improve cost efficiency, increase operation productivity and business transformation

**Environmental, Social & Governance ("ESG")**

Deliver sustainable values to our stakeholder via ESG initiative

**Solutions****Key Products, Solutions & Impact**

Inclusive of credit services that meet the needs of the underserved and M40 groups

**Product Financing**

- Auto Financing
- Motorcycle Financing
- Objective Financing

**Prepaid Cards and AEON Wallet**

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

**Personal Financing**

AEON i-Cash based on unsecured Shariah compliant

**Credit Cards**

A range of Credit Card options, starting from a low entry level of RM24,000 annual income.

1. Classic Card
2. Gold Card
3. Platinum Card

**SME Financing**

Small and medium enterprises equipment financing

**Insurance**

Conventional and takaful insurance products including life insurance are distributed by Insurepro Sdn. Bhd.

**Innovative Solutions to Our Customers**

- Investment in data analytics to enhance product offerings to customers
- Strategic collaborations with AEON Group and over 10,000 merchants
- AEON royalty programme for enhanced customer loyalty
- Creating easy access to financial services for all communities

**Generating Financial Value for Economy and Shareholders**

- Profit after tax: RM365.42 million
- Dividend per share: 48.50 sen
- ROE: 19.20%
- Earnings per share: 139.17 sen
- Income tax: RM161.40 million

**Nurturing Our Workforce**

- Group's total remuneration for FYE2022: RM226.84 million
- Employee retention rate: 89.7%
- Average hours of training provided to employees: 9.4 hours (per employee)
- Board positions held by women: 40%
- Ratio of male to female employees: 1:2

**Ensuring Access and Convenience**

- AMP cards in circulation: 2.20 million
- AEON Wallet downloads: 1.35 million
- Launched online application of AEON Credit products via AEON Wallet

**Supporting Industry and Community Growth**

- Total payment to vendor: RM364 million
- Total no of Communities reached: 24,270
- Total volunteer hours for CSR programmes: 1,796 hours

**Managing Resources and Enhancing Environmental Awareness**

- Environment preservation programmes
- 500 tree planting

Responding to feedback &amp; change

Communicating through stakeholder engagement

Understanding societal needs and stakeholder expectations

**AEON Credit and Our Shareholders**

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

**AEON Credit 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 and people-oriented Company to work for.

## KEY RISKS AND MITIGATION

We adopt a prudent risk management practices based on the Group's robust and comprehensive Risk Management Framework to ensure that we are able to mitigate various types of risk arising in the ordinary course of our businesses. Here we present a summary of the key business risks identified:



### CREDIT RISK

Credit risk measures the potential losses that are dependent on the borrower's ability and willingness to repay financial obligations in a timely manner.

Impact On Value	Mitigation Strategies	FYE2022 Results
<ul style="list-style-type: none"> <li>Surge in impairment losses and non-performing loans.</li> <li>Lower profitability and growth performance.</li> </ul>	<ul style="list-style-type: none"> <li>Implement an appropriate and effective Policy on Credit Risk Management.</li> <li>Set aside adequate provisions for credit losses whilst achieving acceptable risk versus reward performance.</li> <li>Establish appropriate Key Risk Indicator, i.e. non-performing loans (NPL) ratio and net credit cost (NCC) ratio to monitor performance.</li> <li>Conduct credit risk stress tests scenarios to manage potential vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>The NPL ratios and NCC ratios are within the "Satisfactory" threshold.</li> <li>The credit risk stress test results are within tolerance limits.</li> </ul>



### FINANCIAL RISK

Financial risk includes liquidity risk, interest rate risk and currency risk. Liquidity risk refers to the ability to fund potential asset growth and the continued ability to meet financial obligations as they become due.

Impact On Value	Mitigation Strategies	FYE2022 Results
<ul style="list-style-type: none"> <li>Unavailability of funds to sustain business.</li> <li>Insufficient cash to meet financial obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Implement an appropriate and effective Policy on Financial Risk Management.</li> <li>Prudent capital management.</li> <li>Establish appropriate Key Risk Indicators such as capital adequacy ratio and profitability ratio.</li> <li>Conduct interest rate risk and liquidity risk stress tests scenarios to manage potential vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>The capital adequacy ratio and profitability ratio are within the "Satisfactory" threshold.</li> <li>The interest rate risk and liquidity risk stress test results are within the tolerance limits.</li> </ul>



## OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events.

Impact On Value	Mitigation Strategies	FYE2022 Results
<ul style="list-style-type: none"> <li>Substantial loss due to fraud or bribery.</li> <li>High staff attrition rate.</li> <li>Significant penalties and fines due to regulatory breaches.</li> <li>Loss of productivity and performance.</li> </ul>	<ul style="list-style-type: none"> <li>Implement an appropriate and effective Policy on Operational Risk Management.</li> <li>Zero tolerance for internal fraud and bribery activities, while controls are put in place to effectively check external fraud.</li> <li>Ensure an effective control over attrition by implementing sound human resource policies and practices.</li> <li>Adhere to the applicable laws and regulations.</li> <li>No appetite for health and safety risk exposure that could lead to injury or loss of life to customers and employees.</li> <li>Establish appropriate Key Risk Indicators for incident monitoring relating to fraud and bribery, staff attrition rate, regulatory breaches as well as health and safety.</li> <li>Adhere to Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") that have been put in place.</li> </ul>	<ul style="list-style-type: none"> <li>The fraud and bribery, staff attrition rate and regulatory breaches are within the "Satisfactory" threshold. However, health and safety was at "Alert" status due to increased COVID-19 workplace infection for a short duration.</li> </ul>











## CYBER RISK

Cyber risk is the combination of the probability of an incident occurring within the realm of the Group's information system assets and its operating environment.


Impact On Value	Mitigation Strategies	FYE2022 Results
<ul style="list-style-type: none"> <li>Financial loss and reputation damage due to breaches in data integrity and availability.</li> </ul>	<ul style="list-style-type: none"> <li>Implement an appropriate and effective Policy on Cyber Security.</li> <li>Develop and implement Cyber Security Programmes to strengthen the Group's information systems.</li> <li>Implement an Information Security Management Systems (ISMS) to secure information, increase resilience to cyber attacks, and reduce the costs associated with information security.</li> <li>Perform assessment of the vulnerabilities of its operating environment.</li> <li>Conduct annual penetration tests on internal and external network infrastructure as well as critical systems.</li> <li>Establish appropriate Key Risk Indicators to monitor/ manage cyber risk.</li> </ul>	<ul style="list-style-type: none"> <li>The cyber risk experience is within the "Satisfactory" threshold.</li> </ul>

## STAKEHOLDER ENGAGEMENT AND MATERIAL SUSTAINABILITY MATTERS









We value honest and constructive feedback from our stakeholders which we believe contributes immensely to our continuous improvement and help us formulate targeted and effective responses to support them. AEON Credit conducts stakeholder engagement as a matter of course to solicit feedback, concerns and suggestions. We believe that giving voice to our stakeholders provides information that is more rounded to facilitate balanced and objective decision making. Stakeholder engagements are conducted through our communication channels using a variety of virtual and physical modes. Details of our engagements with key stakeholder groups are tabulated below.






Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 <b>Customers</b>			
<ul style="list-style-type: none"> <li>• Critical to driving revenue</li> <li>• Support attainment of market leadership</li> <li>• Provide impetus for continuous improvement and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Business interactions</li> <li>• Company website and social media</li> <li>• Product launches</li> <li>• Conferences/Forums/ Seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Feedback on products and services</li> </ul>	 Excellent Customer Experience, Support & Access   Business Innovation, Responsible Marketing, Product & Service Design
 <b>Government &amp; Regulators</b>			
<ul style="list-style-type: none"> <li>• Compliance to laws and regulations</li> <li>• Ensure standards of prudence are practiced</li> <li>• Communicate introduction to/amendments to laws and regulations</li> <li>• Promote coordinated industry-wide contribution to country's economic recovery, strengthening and resilience</li> <li>• Promote industry-wide uniformity and consistency</li> </ul>	<ul style="list-style-type: none"> <li>• Briefings/Surveys</li> <li>• Submission/proposals</li> <li>• Commission and inquiries</li> <li>• Financial institutions &amp; associations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Innovation in financial services</li> <li>• Contribution to economic recovery, strengthening and resilience</li> </ul>	 Excellent Ethics, Governance, Risk & Compliance   Business Innovation, Responsible Marketing, Product & Service Design   Data Security, IT infrastructure & Digital Transformation   Excellent Customer Experience, Support and Access



Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 <b>Shareholders &amp; Investors</b>			
<ul style="list-style-type: none"> <li>• Source of capital to fund continued growth and expansion</li> <li>• Expectation of reasonable return for investment outlay</li> <li>• Provide impetus for continuous improvement and innovation</li> <li>• Keep the Group honest and accountable</li> </ul>	<ul style="list-style-type: none"> <li>• Virtual 24<sup>th</sup> Annual General Meeting (AGM)</li> <li>• Virtual Quarterly IR Briefing</li> <li>• Retail Engagement</li> <li>• One-to-one/Group IR meeting</li> <li>• Research house coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategies</li> <li>• Business transformation</li> <li>• Financial performance</li> <li>• Corporate governance, ethics and integrity</li> <li>• ESG performance</li> </ul>	 Financial Performance  Data Security, IT infrastructure & Digital Transformation  Business Innovation, Responsible Marketing, Product & Service Design  Excellent Ethics, Governance, Risk and Compliance  Environment Management
 <b>Employees</b>			
<ul style="list-style-type: none"> <li>• Entrusted to conduct operations from which revenue is generated</li> <li>• Hold responsibility for prudent, ethical and responsible conduct of operations to safeguard Group's interests</li> <li>• Represent a principal avenue of interaction with customers, suppliers and other interested stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Formal meetings</li> <li>• Training programmes</li> <li>• Townhall meetings</li> <li>• Team-building exercises</li> <li>• Employee Hotline</li> <li>• Employee engagement surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Culture, diversity and inclusion</li> <li>• Health, safety and well-being</li> <li>• Employee grievances</li> <li>• Training &amp; development</li> </ul>	 Financial Performance  Employee Benefits, Employee Engagement Programmes  Employee Health, Safety and Well-being

## STAKEHOLDER ENGAGEMENT AND MATERIAL SUSTAINABILITY MATTERS

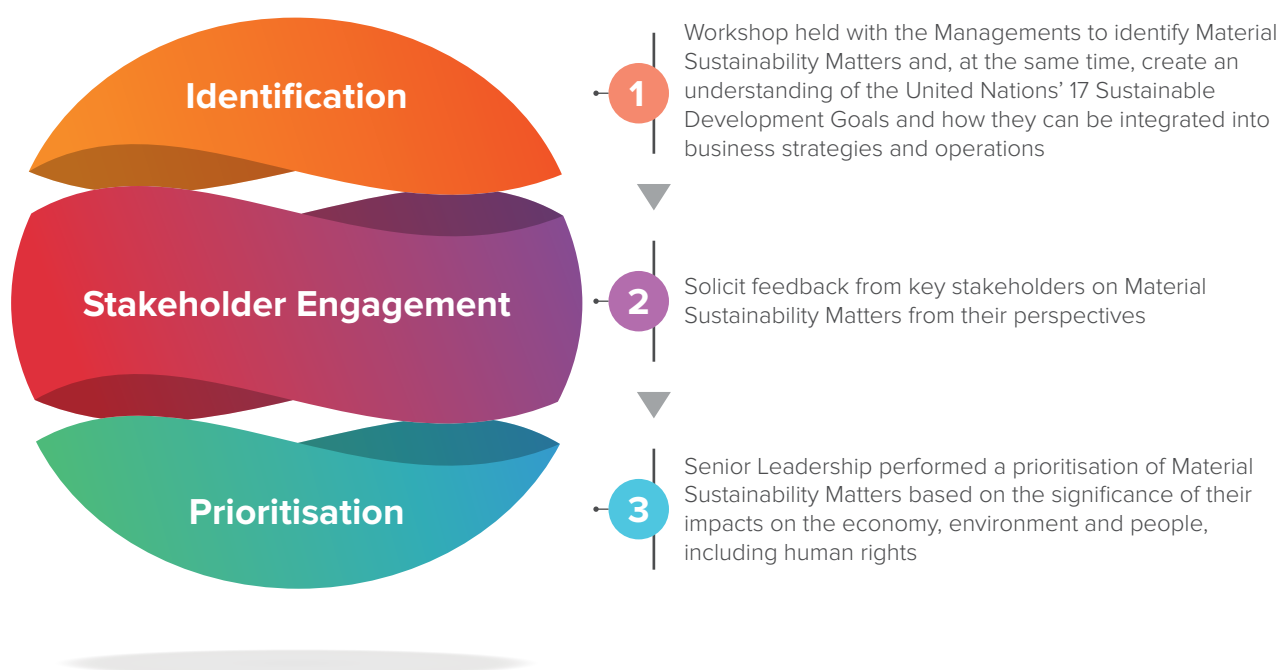
Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 <b>Merchants &amp; Business Partners</b>			
<ul style="list-style-type: none"> <li>Facilitate collaboration for mutual benefit</li> <li>Knowledge sharing</li> <li>Source of potential business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Merchant service</li> <li>Support channels</li> <li>Innovation programmes</li> <li>Business alliance and networking</li> </ul>	<ul style="list-style-type: none"> <li>Business opportunities</li> <li>Business strategies</li> <li>Innovation and continuous improvement</li> </ul>	 Financial Performance   Business Innovation, Responsible Marketing, Product & Service Design
 <b>Suppliers</b>			
<ul style="list-style-type: none"> <li>Source of consumables and services required in operations</li> <li>Source of expertise and domain knowledge. For example, technical knowhow required to support or enhance efficiency of operations</li> </ul>	<ul style="list-style-type: none"> <li>Events</li> <li>Meetings</li> <li>Networking interactions</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and responsible procurement processes</li> <li>Transparency in procurement processes</li> </ul>	 Transparency in procurement process   Excellent Ethics, Governance, Risk & Compliance
 <b>Local Communities/NGOs</b>			
<ul style="list-style-type: none"> <li>Our customers are themselves members of the community</li> <li>Opportunity for AEON Credit to share returns with and give back meaningfully to the community</li> <li>Integral to continued support from customers</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Sponsorship of events</li> </ul>	<ul style="list-style-type: none"> <li>Community support, aid and assistance</li> <li>Volunteering</li> <li>Social welfare</li> <li>Education and sports</li> </ul>	 Strategic Community Investment

Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 <b>Media</b>			
<ul style="list-style-type: none"> <li>• Integral part of Group's communications avenue in particular to the public</li> <li>• Ability to reach wide audience and is easily accessible</li> <li>• Crucial means to keep the public informed of significant developments and events</li> <li>• Lends credibility to Group's communications</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases/interviews</li> <li>• Annual General Meeting</li> <li>• Corporate events</li> <li>• Digital and social channels</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategies</li> <li>• Financial performance</li> <li>• ESG performance</li> <li>• Conduct and culture</li> <li>• Community support</li> </ul>	 Financial Performance  Business Innovation, Responsible Marketing, Product & Service Design  Strategic Community Investment  Environment Management

## MATERIAL SUSTAINABILITY MATTERS

The Group conducts an annual Materiality Assessment to identify Material Sustainability Matters, to ascertain if those identified last year still have continuing relevance and to take cognisance of matters that emerged in the current year that have gained significance. The review also considers matters that arose during our stakeholder engagements to ensure that the Material Sustainability Matters are balanced and incorporates feedback from our stakeholders.

The following process is adopted in conducting the Materiality Assessment:



## STAKEHOLDER ENGAGEMENT AND MATERIAL SUSTAINABILITY MATTERS

The table below lists AEON Credit's Material Sustainability Matters for FYE2022.

Material Sustainability Matters	Sustainability Category	Priority	Linkage to SDGs
 Financial Performance	Economic	High 	 
 Excellent Customer Experience, Support & Access*	People	High 	  
 Data Security, IT Infrastructure & Digital Transformation	Economic	High 	  
 Excellent Ethics, Governance, Risk & Compliance	Economic	High 	   
 Employee Health, Safety and Well-being	People	Medium 	 
 Business Innovation, Responsible Marketing, Product & Service Design**	Economic	Medium 	  
 Employee Benefits, Employee Engagement Programmes	People	Medium 	   
 Transparency in Procurement Process	People	Low 	 
 Strategic Community Investment***	People	Low 	
 Environment Management	Environment	Low 	  

\* Responsible Financing/Financial Inclusion which appeared as a separate Material Sustainability Matter in the previous year has been subsumed into Excellent Customer Experience, Support & Access in the current year to avoid duplication.

\*\* Business Innovation has been added on to Responsible Marketing, Product & Service Design recognising that product and service innovation is critical to sustaining and growing our business in a highly competitive industry and environment. Innovation is vital to AEON Credit's continuous drive to enhance customer experience as an integral component of our customer acquisition and retention strategies.

\*\*\* At AEON Credit, we believe in shared prosperity, we hold a strong conviction that giving back to the community in a meaningful manner has a reciprocal impact on our business sustainability. Recognising the importance of the community to our business, we have introduced Strategic Community Investment as a Material Sustainability Matter for the current year.









## OUR STRATEGY AND LINK TO MATERIAL SUSTAINABILITY MATTERS

**Towards achieving our ambition to be Malaysia's No. 1 Innovative Retail Fintech Company with Largest App User Base, we have outlined a three-year roadmap. This addresses the current business challenges and our aspiration towards continued business sustainability.**

In FYE2022, we have made significant progress in the first year of our strategy, despite the challenges associated with the COVID-19 pandemic. Catalysed by five ("5") priority focus areas, we sharpened our fundamentals to thrive in a post-pandemic financial landscape.

Our strategic initiatives focus on enhancing our performance to remain relevant in a competitive market. They enable us to enhance profitability through operating leverage and efficiency initiatives, while driving strong cash generation and resilient growth. These are leveraged on AEON Credit's distinct strengths such as our strong retail networking, unique financial products, and services and digital capabilities.

Through the 5 fundamental priorities outlined in our strategy, we intend to continue maintaining our market leadership and enhancing our proposition to meet our customers' needs.

Priority Focus Area (FYE2022)	Strategic Initiatives	Progress & Achievements	Linkage To Material Sustainability Matter
Business model transformation by digital shift	<ul style="list-style-type: none"> <li>We are working to increase convenience for customers with effort toward offerings of apps and digital products, in addition to digitalising existing services.</li> <li>Digital offerings, products and services via adding mobile functions (e-wallet) to help customers adapt to the new normal.</li> <li>Collaborated with various FinTechs to deliver agile digital solutions, such as e-KYC.</li> </ul>	<ul style="list-style-type: none"> <li>On track to complete digitalisation project (end-to-end digital onboarding) in FYE2023.</li> </ul>	 Financial Performance  Excellent Customer Experience, Support & Access  Excellent Ethics, Governance, Risk & Compliance  Business Innovation, Responsible Marketing, Product & Service Design
Develop new system architecture to support online & digitalisation	<ul style="list-style-type: none"> <li>New system architecture to support online business and establish business base with new core system.</li> </ul>	<ul style="list-style-type: none"> <li>Completed core system migration.</li> </ul>	 Financial Performance  Excellent Customer Experience, Support & Access  Data Security, IT Infrastructure & Digital Transformation  Business Innovation, Responsible Marketing, Product & Service Design



## OUR STRATEGY AND LINK TO MATERIAL SUSTAINABILITY MATTERS

Priority Focus Area (FYE2022)	Strategic Initiatives	Progress & Achievements	Linkage To Material Sustainability Matter
Increase customer base by implementing an attractive AEON Group ecosystem platform	<ul style="list-style-type: none"> <li>• Collaboration activities with AEON Group of Companies to integrate customer base, embed AEON loyalty program with financial service app towards AEON Living Zone expansion.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing apps with distinctive and value-added features to remain competitive and relevant.</li> </ul>	 Financial Performance  Excellent Customer Experience, Support & Access  Excellent Ethics, Governance, Risk & Compliance  Business Innovation, Responsible Marketing, Product & Service Design
Expand business base and customer segments with new product offerings	<ul style="list-style-type: none"> <li>• Expand our product range to include more comprehensive insurance products and other financial services.</li> <li>• Identify and evaluate customer needs based on demographics swifts.</li> <li>• Re-evaluate credit risk management and practices.</li> <li>• Utilising Artificial Intelligence ("AI") to enhance take up rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Moving up value chain via Insurepro Sdn Bhd acquisition.</li> <li>• Products offered include conventional and Takaful products.</li> <li>• Continue to accelerate our digitalisation efforts to scale up operation.</li> </ul>	 Financial Performance  Excellent Customer Experience, Support & Access  Excellent Ethics, Governance, Risk & Compliance  Business Innovation, Responsible Marketing, Product & Service Design
Pursue sustainability & talent development	<ul style="list-style-type: none"> <li>• Set up our Management Sustainability Committee to deliberate, monitor and drive the Group's sustainability agenda.</li> <li>• Enhance employees' workplace experience through digital platforms that increase the efficiency and convenience of employees' interactions.</li> <li>• Introduce employee benefits that support new workplace norms, such as COVID-19 quarantined leave.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved FTSE4Good Bursa Securities score from 2.1 in 2020 to 3.6 in 2021 and maintained ESG Grading Band ★★★★★ 4/4 since 2015.</li> <li>• Achieved 100% employee participation in our training and development programmes.</li> </ul>	 Employee Health, Safety and Well-being  Employee Benefits, Employee Engagement Programmes  Transparency in Procurement Process  Strategic Community Investment  Environment Management

# Leadership **Team**

**48** Board of Directors' Profiles

**53** Group Top Management Profiles

**57** Key Senior Management Profiles



## BOARD OF DIRECTORS' PROFILES

	<p><b>NG ENG KIAT</b></p> <p>Chairman Non-Independent Non-Executive Director</p>	<p>Number of Board Meetings attended:</p> <p><b>16/16</b></p>
<p>Age: <b>69</b></p>	<p>Ng Eng Kiat was appointed as the Chairman of AEON Credit Service (M) Berhad 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.</p>	
<p>Gender: <b>Male</b></p>	<p>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.</p>	
<p>Nationality: <b>Malaysian</b></p>	<p>Presently, he is the Senior Partner/Adviser of the merged firm of Azman, Wong, Salleh &amp; Co and Folks DFK &amp; Co. He also sits on the Board of Directors of several private limited companies.</p>	
<p>Date of Appointment to the Board: <b>7 August 2007</b></p>	<p>He does not hold directorship in any other public or public listed companies.</p>	
	<p><b>DAISUKE MAEDA</b></p> <p>Managing Director</p>	<p>Number of Board Meetings attended:</p> <p><b>11/11</b></p>
<p>Age: <b>46</b></p>	<p>Daisuke Maeda was appointed as the Managing Director of AEON Credit Service (M) Berhad on 23 June 2021. Prior to his appointment, he was the Managing Director of AEON Credit Service India Private Limited from July 2017 until June 2021.</p>	
<p>Gender: <b>Male</b></p>	<p>Maeda first started his career at AEON Credit Service Co., Ltd. from 1999 until 2005. In March 2005, he held the position as Assistant Manager of the Overseas Business Development Department at AEON Credit Service Co., Ltd. until September 2005. He was then transferred to AEON Thana Sinsap (Thailand) PLC. in December 2005 where he held various positions over the years until February 2010 where he was the Senior Vice President and Head of Sales &amp; Marketing Department.</p>	
<p>Nationality: <b>Japanese</b></p>	<p>Maeda was seconded to the Representative Office in Cambodia where he held the position as the Chief Representative from February 2010 until October 2011. Maeda established AEON Microfinance (Cambodia) Co., Ltd. and served as its Managing Director and Vice Chairman in November 2011 until February 2016. Under his leadership, AEON Microfinance (Cambodia) Co., Ltd. was rebranded into AEON Specialized Bank (Cambodia) Co., Ltd. where he continued to serve as the Managing Director and Vice Chairman until June 2017.</p>	
<p>Date of Appointment to the Board: <b>23 June 2021</b></p>	<p>Maeda holds a Bachelor's Degree in Sociology from Kansai University, Japan.</p> <p>He does not hold any directorship in any other public or public listed companies.</p> <p>Maeda has attended 11 Board meetings held during the year ended 28 February 2022. He does not hold any shares in the Company.</p>	

**Note:**

All directors disclosed on page 48 to 52 do not have any family relationships with any Director and/or major shareholder of AEON Credit, any conflict of interest with AEON Credit, nor any conviction for offences within the past 5 years, except for traffic offences, if any.



## TOMOKATSU YOSHITOSHI

Independent Non-Executive Director

Number of Board  
Meetings attended:

16/16

Age:  
**70**

Tomokatsu Yoshitoshi was appointed as an Independent Non-Executive Director of AEON Credit Service (M) Berhad on 30 June 2016.

Gender:  
**Male**

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.

Nationality:  
**Japanese**

He has over 44 years of vast international business experiences based on his 24 years of international banking career at the Long-Term Credit Bank of Japan, Ltd. including assignments in the United States of America, Brazil and United Kingdom. He then served as the 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, and General Manager at the Investment Trust Services Division in 2000.

Date of Appointment  
to the Board:  
**30 June 2016**

He was appointed as the 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.

Since 2012, he has been the Audit & Supervisory Board Member at the Financial Products Group Co., Ltd. until present. He is also an Independent Non-Executive Director at AEON Bank Ltd., and the Audit & Supervisory Board Member at FPG Trust Company Ltd. since 2015 until to-date.

Currently, he is the Chairman of both the Remuneration Committee and the Nominating Committee of AEON Credit.

Yoshitoshi has attended 16 Board meetings held during the year ended 28 February 2022. He does not hold any shares in the Company.



## S SUNTHARA MOORTHY S SUBRAMANIAM

Independent Non-Executive Director

Number of Board  
Meetings attended:

16/16

Age:  
**60**

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

Gender:  
**Male**

He has over 30 years of experience mainly in general management, strategic business development, corporate finance, accountancy, tax and audit. Sunthara began his career in an audit practice in London, United Kingdom in 1986 until 1995, prior to joining UEM Edgenta Berhad ("UEME") (formerly known as Faber Group Berhad) in 1995, where he served for 16 years. He held a few key positions and prior to leaving UEME, he was the Chief Executive Officer of a wholly-owned subsidiary of UEME, while concurrently holding the position of the Director of Corporate Services of UEME. He subsequently joined Eversendai Corporation Berhad as an Executive Director in October 2011 and was also a Board member until March 2017.



Nationality:  
**Malaysian**

Date of Appointment  
to the Board:  
**1 March 2018**

Currently, he is the Chairman of the Audit Committee and was appointed as a member of the Nominating Committee of AEON Credit with effect from 1 January 2022. He does not hold any directorship in any other public or public listed companies.

Sunthara has attended 16 Board meetings held during the year ended 28 February 2022. He does not hold any shares in the Company.

## BOARD OF DIRECTORS' PROFILES

	<p><b>DATUK ADINAN BIN MANING</b></p> <p>Senior Independent Non-Executive Director</p>	<p>Number of Board Meetings attended:</p> <p><b>14/16</b></p>
<p>Age: <b>65</b></p>	<p>Datuk Adinan bin Maning was appointed as an Independent Non-Executive Director of AEON Credit Service (M) Berhad on the 28 June 2018. On 23 January 2019, he was designated as the Senior Independent Director of AEON Credit.</p>	
<p>Gender: <b>Male</b></p>	<p>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").</p>	
<p>Nationality: <b>Malaysian</b></p>	<p>Throughout his career, he has gained exposure in various industries such as property development and construction, manufacturing, loan recovery, asset management, investment and insurance.</p>	
<p>Date of Appointment to the Board: <b>28 June 2018</b></p>	<p>He is currently an independent board member of Urusharta Jemaah Sdn Bhd ("UJSB"), a company owned by MoF Inc. He is the Chairman of UJSB's Board Audit and Risk Committee and a member of its Board Nomination and Remuneration Committee. 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"). He also served as the Non-Executive Chairman of Prokhas Sdn Bhd, Non-Executive Chairman of BSNC Corporation Berhad and as board member of BSN, Prudential BSN Takaful Berhad, Permodalan BSN Berhad and Gibraltar BSN Life Berhad.</p> <p>Currently, he is the Chairman of the Board Risk Committee and a member of the Audit Committee of AEON Credit. He does not hold any directorship in any other public or public listed companies.</p>	
	<p><b>DATIN KHOO PEK LING</b></p> <p>Independent Non-Executive Director</p>	<p>Number of Board Meetings attended:</p> <p><b>16/16</b></p>
<p>Age: <b>70</b></p>	<p>Datin Khoo Pek Ling was appointed as an Independent Non-Executive Director of AEON Credit Service (M) Berhad on 28 June 2018. She qualified as a Chartered Accountant of England &amp; Wales in 1977 and is a Fellow of the Institute of Chartered Accountants England &amp; Wales, a member of the MICPA, a member of the MIA and a member of the Chartered Tax Institute of Malaysia.</p>	
<p>Gender: <b>Female</b></p>	<p>She started her career in Malaysia with Turquand Young (now Ernst &amp; 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 &amp; Co and Azman, Wong, Salleh &amp; Co.</p>	
<p>Nationality: <b>Malaysian</b></p>	<p>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 &amp; Co and Azman, Wong, Salleh &amp; Co after 35 years of professional practice in audit, taxation and insolvency services. She currently serves as a committee member of a Non-Governmental Organisation and is a director of several private limited companies.</p>	
<p>Date of Appointment to the Board: <b>28 June 2018</b></p>	<p>Currently, she is a member of the Audit Committee and the Board Risk Committee of AEON Credit. She does not hold any directorship in any other public or public listed companies.</p> <p>Datin Khoo has attended 16 Board meetings held during the year ended 28 February 2022. She does not hold any shares in the Company.</p>	





## DATIN YASMIN AHMAD MERICAN

Independent Non-Executive Director

Number of Board  
Meetings attended:

15/16

Age:  
**71**

Gender:  
**Female**

Nationality:  
**Malaysian**

Date of Appointment  
to the Board:  
**23 January 2019**

Datin Yasmin Ahmad Merican was appointed as an Independent Non-Executive Director of AEON Credit Service (M) Berhad 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 organisational 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 a governor on the board of the Malaysian Institute of Corporate Governance, she is also a global trustee on the international board of AFS Intercultural Programs, New York (USA) and a director of Malaysian fintech HelloGold Sdn Bhd. Between 2008 and 2012, she sat on the board of the Malaysian Productivity Corporation (MPC) and the School of Information Technology as an industry advisor at Monash University (MSIA). At AEON Malaysia, she is a director with AEON Fantasy Sdn Bhd and was President of the Malaysian AEON Foundation from 2019 to 2021.

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

Datin Yasmin has attended 15 Board meetings held during the year ended 28 February 2022. She holds 20,000 ordinary shares directly in the Company.



## RASHIDAH BINTI ABU BAKAR

Independent Non-Executive Director

Number of Board  
Meetings attended:

16/16

Age:  
**66**

Gender:  
**Female**

Nationality:  
**Malaysian**

Date of Appointment  
to the Board:  
**23 January 2019**

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

Rashidah was admitted as an Advocate and Solicitor of the High Court of 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 left BNM in 1995 and joined a 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 vast experience in syndicated loans, private debt securities, sukuk documentation and highway financing. She has also been appointed as the President of the Consumer Tribunal constituted under the Ministry of Domestic Trade and Consumer Affairs on 15 April 2018 until to-date.

Currently, she is a member of the Board Risk Committee and was appointed as a member of the Remuneration Committee of AEON Credit with effect from 1 January 2022. She does not hold any directorship in any other public or public listed companies.

Rashidah has attended 16 Board meetings held during the year ended 28 February 2022. She does not hold any shares in the Company.

## BOARD OF DIRECTORS' PROFILES



**MITSUGU TAMAI**

Non-Independent Non-Executive Director

Number of Board Meetings attended:

**11/11**

Age:  
**60**

Mitsugu Tamai was appointed as a Non-Independent Non-Executive Director of AEON Credit Service (M) Berhad on 23 June 2021. He holds a Bachelor's Degree in Business Administration, specialising in Business Accounting from Yokohama National University, Japan. Having started his career at AEON Credit Service Co., Ltd. in 1999, he has over 20 years of experience in the retail and financial industry.

Gender:  
**Male**

Tamai was appointed as the Executive Director and the Chief General Manager of Accounting and Finance Division of AEON Credit Service Co., Ltd. in May 2006. In April 2007, he was appointed as the Executive Director and Head of Finance Division and later appointed as the Executive Officer Related Company Management Department in March 2010.

Nationality:  
**Japanese**

Date of Appointment to the Board:  
**23 June 2021**

He was transferred to AEON Co., Ltd. in March 2012, where he held the position as the Head of Group Business Administration. Subsequently in August 2012, Tamai transferred to AEON Mall Co., Ltd. where he held the position as the General Manager of Administration and on May 2013, was appointed as the Executive Director and Head of ASEAN Region. In April 2019, he was appointed as the Executive Director and Head of ASEAN Division & Head of Digitalisation.

He was then transferred to AEON Financial Service Co., Ltd. in April 2021 and held the position as Managing Executive Officer of the Overseas Business Division.

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

Tamai has attended 11 Board meetings held during the year ended 28 February 2022. He does not hold any shares in the Company.



**LEE TYAN JEN**

Executive Director

Number of Board Meetings attended:

**16/16**

Age:  
**48**

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

Gender:  
**Female**

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 and served as the Head of Customer Service and Operations Division. Subsequently, she was assigned to head the IT Group in March 2017 on top of her existing portfolio. She was redesignated as the Chief Information Officer and Head of IT Division in April 2019. In July 2020, she was reassigned as the Head of IT & Customer Service Division. In July 2021, she was redesignated as the Chief Operating Officer and further reassigned as the Head of Marketing & Business Development Division and IT Division in October 2021.

Nationality:  
**Malaysian**

Date of Appointment to the Board:  
**1 July 2013**

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

Lee has attended 16 Board meetings held during the year ended 28 February 2022. She holds 42,257 ordinary shares directly in the Company.

## GROUP TOP MANAGEMENT PROFILES



### DAISUKE MAEDA

Managing Director

**46 / Male / Japanese**

#### Date of Appointment:

23 June 2021

#### Academic/Professional Qualification:

Bachelor's Degree in Sociology

#### Directorship/Relevant Appointments:

Board Member

#### Relevant Experience:

His profile is disclosed in the Directors' Profiles on page 48 of this IAR.



### LEE TYAN JEN

Chief Operating Officer

**48 / Female / Malaysian**

#### Date of Appointment:

1 July 2021

#### 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 52 of this IAR.

#### Note:

None of the Group Top Management have any family relationship with any Director and/or major shareholder of AEON Credit, any conflict of interest with AEON Credit; nor any conviction for offences within the past 5 years, except for traffic offences, in any.

## GROUP TOP MANAGEMENT PROFILES



### LEE KIT SEONG

Chief Corporate Officer

**53 / Male / Malaysian**

---

**Date of Appointment:**

1 July 2020

**Academic/Professional Qualification:**

ACCA (Fellow), MIA

**Directorship/Relevant Appointments:**

He does not hold any directorship in any other public or public listed companies

**Relevant Experience:**

Has more than 25 years of experience in the financial industry with a focus in areas covering finance & accounting, corporate finance, corporate management, governance, risk management and compliance. Served other financial institutions prior to joining AEON Credit.



### AJITH A/L JAYARAM

Chief Transformation Officer

**42 / Male / Malaysian**

---

**Date of Appointment:**

1 July 2021

**Academic/Professional Qualification:**

Master of Management

**Directorship/Relevant Appointments:**

He does not hold any directorship in any other public or public listed companies

**Relevant Experience:**

Has over 20 years of experience in a wide range of areas, among others collection, sales, corporate strategy, business development and digital strategy in AEON Credit.

**LEE SIEW TEE**

Chief Financial Officer

**52 / Female / Malaysian****Date of Appointment:**

1 July 2020

**Academic/Professional Qualification:**ACCA (Fellow), MIA  
Master of Business Administration**Directorship/Relevant Appointments:**

She does not hold any directorship in any other public or public listed companies

**Relevant Experience:**

Has more than 25 years of experience in various fields including audit, finance, accounting and taxation in listed and private companies. Prior to her appointment as Chief Financial Officer, she held position as Head of Finance Group in AEON Credit.

**KATSUSHI IWAMOTO**

Chief Credit Officer

**48 / Male / Japanese****Date of Appointment:**

1 July 2021

**Academic/Professional Qualification:**

Bachelor of Business Administration

**Directorship/Relevant Appointments:**

He does not hold any directorship in any other public or public listed companies

**Relevant Experience:**

Has more than 5 years of experience in credit operations in AEON Credit Service (M) Berhad. He has also served more than 7 years in Management and Senior Management roles in AEON Credit.

## GROUP TOP MANAGEMENT PROFILES



### FAIZUL BIN HAMZAH

Chief Risk Officer

**45 / Male / Malaysian**

#### Date of Appointment:

1 July 2021

#### Academic/Professional Qualification:

Bachelor of Business Administration

#### Directorship/Relevant Appointments:

He does not hold any directorship in any other public or public listed companies

#### Relevant Experience:

Has more than 20 years working experience in a wide range of areas such as of credit assessment, customer service, product development, corporate affairs and corporate governance in AEON Credit.



### CHEN HENG GUAN

Managing Director of Insurepro Sdn Bhd

**49 / Male / Malaysian**

#### Date of Appointment:

1 October 2021

#### Academic/Professional Qualification:

Master of Business Administration

#### Directorship/Relevant Appointments:

He does not hold any directorship in any other public or public listed companies

#### Relevant Experience:

Has more than 20 years of experience in regional management in sales and operations, product development, investor relations and corporate strategy in AEON Credit and other financial institutions.



## KEY SENIOR MANAGEMENT PROFILES

**LEE TYAN JEN**

Head of Marketing &  
Business Development Division  
and IT Division

**48 / Female / Malaysian**

**Date of Employment:**

3 August 1998

**Academic/Professional  
Qualification:**

Bachelor's Degree in Business  
Administration

**LEE KIT SEONG**

Head of Corporate Planning &  
Strategy Division

**53 / Male / Malaysian**

**Date of Employment:**

1 June 2012

**Academic/Professional  
Qualification:**

ACCA (Fellow), MIA

**AJITH A/L JAYARAM**

Head of Digital Bank Project

**42 / Male / Malaysian**

**Date of Employment:**

16 September 2005

**Academic/Professional  
Qualification:**

Master of Management

**LEE SIEW TEE**

Head of Corporate  
Management Division

**52 / Female / Malaysian**

**Date of Employment:**

18 March 2019

**Academic/Professional  
Qualification:**

ACCA (Fellow), MIA  
Master of Business Administration

## KEY SENIOR MANAGEMENT PROFILES



### **KATSUSHI IWAMOTO**

Head of Credit Operation  
Division

**48 / Male / Japanese**

#### **Date of Employment:**

21 July 2014

#### **Academic/Professional Qualification:**

Bachelor of Business Administration



### **PHANG CHEE CHONG**

Head of Internal Audit Division

**55 / Male / Malaysian**

#### **Date of Employment:**

25 February 2015

#### **Academic/Professional Qualification:**

Master of Business Administration,  
CMIIA, CIA, CISA, CFE, CFSA, CRMA,  
CRISC, CGEIT



### **CLARENCE CHAI**

Head of Regional Business  
Group

**60 / Male / Malaysian**

#### **Date of Employment:**

2 December 2019

#### **Academic/Professional Qualification:**

Advance Level Business Studies



### **TAN KEAN WOOI**

Deputy Head of Credit  
Operation Division

**46 / Male / Malaysian**

#### **Date of Employment:**

1 March 1999

#### **Academic/Professional Qualification:**

Bachelor of Economics



### **FAIZUL HAMZAH**

Head of Sustainability &  
Risk Management Division

**45 / Male / Malaysian**

#### **Date of Employment:**

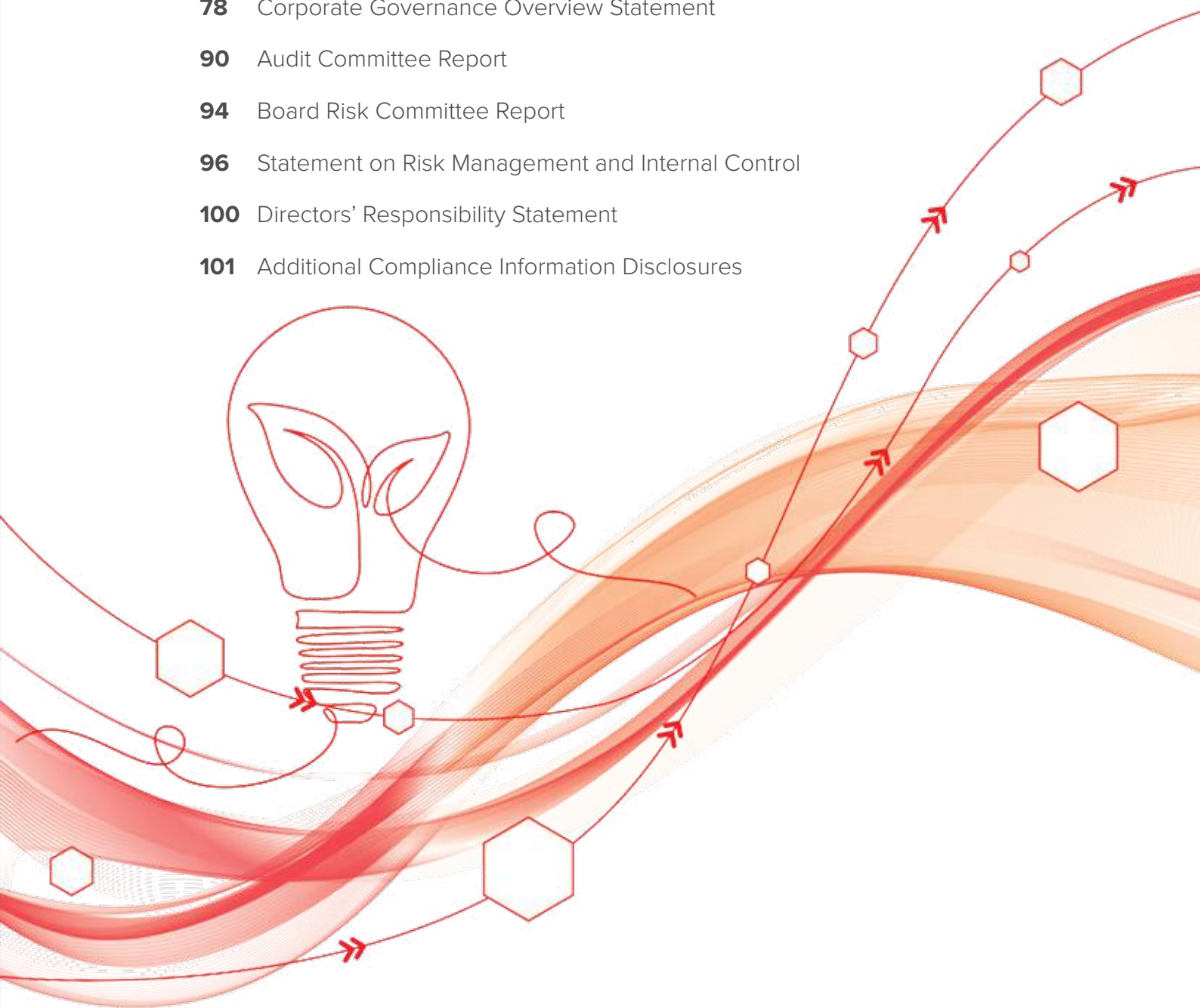
21 September 2001

#### **Academic/Professional Qualification:**

Bachelor of Business Administration

# Our Commitment To Good Corporate Governance

- 60** Sustainability Statement
- 78** Corporate Governance Overview Statement
- 90** Audit Committee Report
- 94** Board Risk Committee Report
- 96** Statement on Risk Management and Internal Control
- 100** Directors' Responsibility Statement
- 101** Additional Compliance Information Disclosures



## SUSTAINABILITY STATEMENT



**AEON Credit upholds good ESG principles in the conduct of our business. We consider sustainability as more than just a commitment, it is the central tenet upon which our business is predicated.**

### INTRODUCTION

This Sustainability Statement ("Statement") serves to emphasise the prominent role of sustainability in our business and how it exerts an influence over our business strategies and operational plans. It highlights our sustainability commitments, presents reflections on our performance and achievements in executing sustainability initiatives over the period 1 March 2021 to 28 February 2022. As well, the Statement also articulates our sustainability priorities moving forward. This Statement has been prepared with reference to Bursa securities's Main Market Listing Requirements ("MMLR"), specifically guidance from Bursa Securities's Sustainability Reporting Guide 2nd Edition and Global Reporting Initiative ("GRI") Standards 2021.

AEON Credit Service (M) Berhad ("AEON Credit" or "the Group") upholds good ESG ("Environmental, Social and Governance" or collectively, "Sustainability") principles in the conduct of our business. We consider sustainability as more than just a commitment, it is the central tenet upon which our business is predicated. Sustainability is infused in all aspects of our business, to translate our care for the environment and society at large as well as our responsibility for transparent operations into tangible actions. Reinforcing AEON Credit's ESG credentials, in the year under review we improved our FTSE4Good rating from 2.1 to 3.6. We have also engaged with an external consultant to assist in enhancing our Sustainability Framework.

Across 2020 to 2022, we bear witness to the devastating effects of the COVID-19 pandemic. Given the time lapse before full impact, the adverse effects that began to surface in the later part of 2020 have been more apparent and widespread in 2021. As we have done in the previous year, we continue to assist vulnerable communities through responsible financing and assistance to help these communities find their footing and help them rebuild their livelihoods.

The COVID-19 pandemic has driven home the significance of sustainability especially from the social perspective, "People" has always been integral to our basic principles, the full meaning of this term, which extends beyond our employees and includes society at large, was reinforced during the pandemic. In addition to implementing an extensive range of measures to secure the health and wellbeing of our employees, as a good corporate citizen AEON Credit also extended support to affected communities through food aid and financial support for the needy and underprivileged.

Financial Inclusion and Responsible Financing as practiced by the Group includes participation in Agensi Kaunseling dan Pengurusan Kredit ("AKPK") initiative, empathising with the customers' financial concerns by offering our AEON Financial Assistance Programme ("AFAP") and payment holidays as part of the Group's commitment to help tide our customers through difficult times.

### OUR APPROACH TO SUSTAINABILITY

Our fundamental goal is to generate long-term shareholder value while driving economic activity in a sustainable and responsible way. In this regard, we maintain a relentless focus on constantly achieving a delicate balance between economic performance and sustainability so that shareholders are rewarded a fair return on their investments while, at the same time, stakeholders' interests are enhanced.

In upholding the above commitment, AEON Credit will:

- Play an integral part in meeting the needs of the local community for financial services through its business operations, adopting sound governance practices with a focus on customer experience and innovation.
- Become more employee-centric by taking care of and developing employees, including fostering a culture amongst employees to become better people and community members.
- Implement environmental management initiatives to protect the environment and minimize impact on the environment from our operations.
- Share benefits with the local community through activities which contribute to the society in line with our basic principles of pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view as its core.

## SUSTAINABILITY GOVERNANCE

### Tone at the Top

At AEON Credit, sustainability starts at the highest level as an explicit indication of ownership and to lend credibility to sustainability actions. Setting the tone at the top promotes and expedites assimilation across all corners of the Group – this also epitomises how our business is governed and managed. The Group's Leadership from the Board through to the Managing Director and the Top Management team all take active part in shaping and embodying our ESG agenda and orientation.

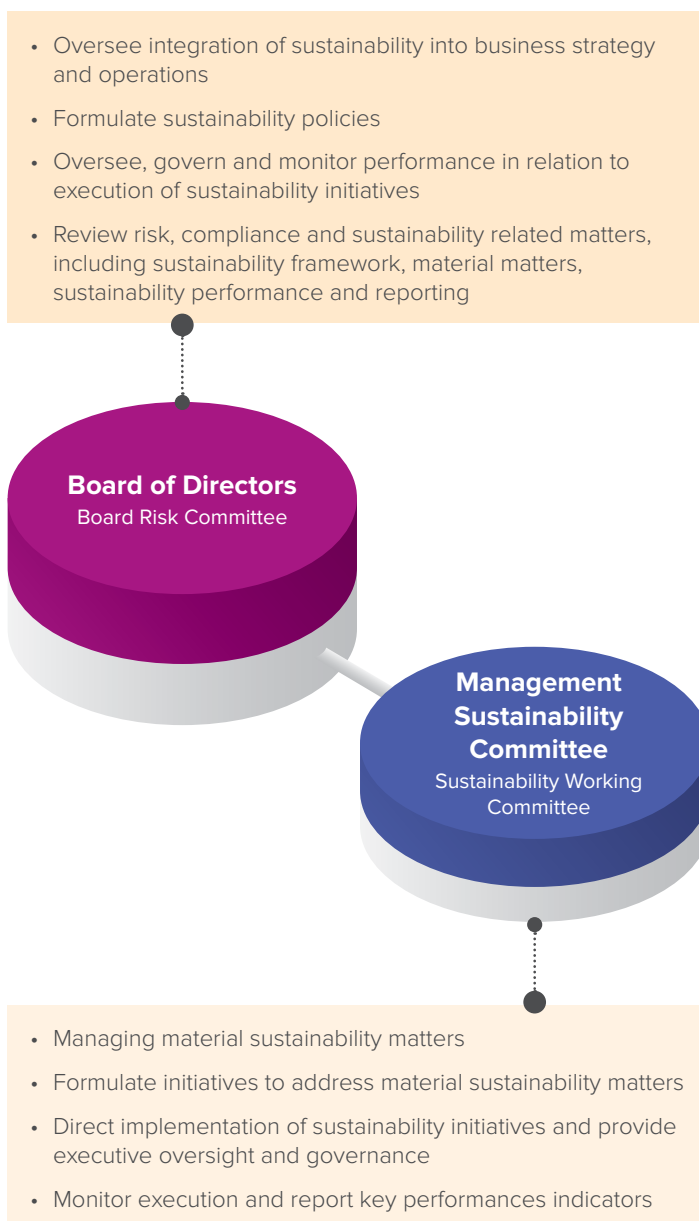
As a financial services provider, the governance aspects of sustainability have always been paramount in our operations, ensuring standards of prudence are complied with to safeguard interests of our stakeholders. Led by the Group's Leadership, in particular the Board Risk Committee, we continue to raise the bar on sustainability to realise our duty of care for society, environment and the planet.

### Sustainability Governance and Working Committee

At AEON Credit, Sustainability Governance is exercised through a well-thought-out structure that involves participation from the highest level through to business units. This structure facilitates the proper implementation of sustainability policies and imperatives, promulgated at the Leadership level from tone at the top, by functional units charged with their execution. 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 decision making. Supporting the Board is the Board Risk Committee ("BRC"), which also has purview over sustainability matters. The BRC is also responsible for reviewing sustainability policies and plans and to monitor the performance of their execution.

The Management (collectively comprising the Managing Director and the Top Management), through the Management Sustainability Committee, is responsible for driving the improvement and execution of the Group's overall sustainability strategies and the associated initiatives. Management members individually and collectively play an active role to ensure that sustainability is part of AEON Credit's business approach and is infused into the Group's daily operations.

A Sustainability Working Committee ("STWC") comprising key management personnel from business units supports our sustainability strategy development and executes sustainability initiatives. The STWC reports progress to and seeks guidance from the Top Management team or Board Risk Committee, as the case may be, when required. The STWC also plays an important role in raising sustainability awareness and embedding sustainability practices across the Group's operations.



## STAKEHOLDER ENGAGEMENT

Stakeholder engagements are pivotal to identifying and prioritising AEON Credit's material sustainability matters and formulating targeted responses that most effectively address and manage them. Details of our engagements with key stakeholders are articulated in Stakeholder Engagement on pages 40 to 44 under the section on Strategies To Create Value.

## MATERIAL SUSTAINABILITY MATTERS

A Materiality Assessment is conducted annually to identify Material Sustainability Matters, the process of which is described in Material Matters on page 43 under the section on Strategies To Create Value.

## SUSTAINABILITY STATEMENT

### SUSTAINABILITY PILLARS

AEON Credit's sustainability approach and our associated commitments revolves around 6 pillars which represent the foundation of our business success, growth and resilience. The 6 pillars comprise:



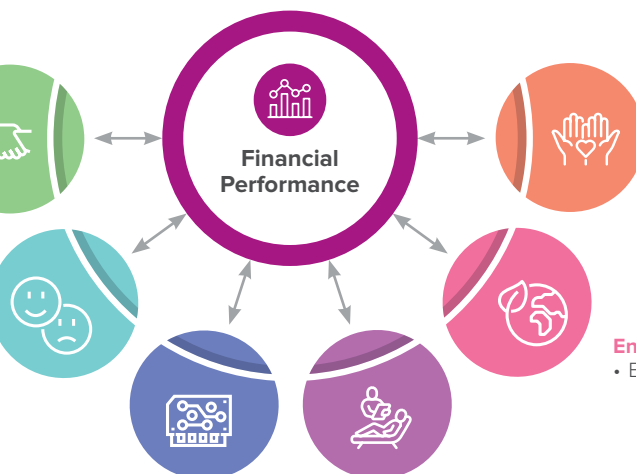
Our material sustainability matters fall under their related sustainability pillars while each sustainability pillar either directly or indirectly influences Financial Performance, our principal material sustainability matter as encapsulated in the diagram below:

#### Conduct and Trust

- Data Security, IT Infrastructure & Digital Transformation
- Excellent Ethics, Governance, Risk & Compliance
- Business Innovation, Responsible Marketing, Product & Service Design
- Transparency in Procurement Process

#### Customer Experience

- Excellent Customer Experience, Support & Access
- Business Innovation, Responsible Marketing, Product & Service Design



#### Digital Product and Service Transformation

- Excellent Customer Experience, Support & Access
- Business Innovation, Responsible Marketing, Product & Service Design

#### Employee Health, Safety and Well-being

- Employee Health, Safety & Well-being
- Employee Benefits, Employee Engagement Programmes

#### Contributing to Communities

- Strategic Community Investment

#### Environmental Stewardship

- Environment Management



## 1

## CONDUCT AND TRUST

We place great importance on carrying out business in a responsible and ethical manner in compliance with all applicable laws and regulations and ensuring that staff of all ranks conduct themselves ethically, professionally and with integrity. This has a significant bearing on our reputation in the market and how we are perceived by our stakeholders. Hence, it is imperative that our conduct reflects impeccable corporate governance. Our material sustainability matters under the Conduct and Trust pillar are:

**(a) Data Security, IT Infrastructure & Digital Transformation**

**(i) Business Continuity Management and Cyber Security**

AEON Credit places great importance on ensuring the continuity of all critical business functions and essential services. In this regard, we have put in place policies, processes and systems under the Business Continuity Plan ("BCP"), Disaster Recovery Plan ("DRP") and Cyber Incidents Response Plan ("CIRP") to respond to a range of unexpected disruptions and ensure continuous uninterrupted conduct of business and provision of services to our customers. A dedicated back-up site with all requisite infrastructure and services for back-up operations under the BCP has been established by the Group. Full BCP testing is executed annually during which all critical systems are tested to ensure they are accessible to conduct live transactions.

In light of COVID-19, AEON Credit has expanded BCP scenarios to enable employees in less critical and oversight functions to work from home, with laptop computers configured to internal standards and virtual private network ("VPN") technology for secure access. As at end of FYE2022, these facilities were deployed to 100% of our workforce.

Crisis Management Team ("CMT") was activated to manage and appropriately respond to crises. During the COVID-19 pandemic, the CMT coordinated our strategic and operational responses to ensure smooth business continuity, keep employees safe and ensure clear and timely communications to all stakeholders. CMT meetings were held on a monthly basis and increased in frequency as the situation dictated. Moving forward, as the country moves into the endemic phase, CMT meetings will be held as and when necessary.

An enduring effect of the pandemic is the increased adoption of online transacting. The deepened ubiquity of electronic channels has become a distinctive characteristic of the new normal and is aligned to our Digital Transformation strategy. The increased use of online and digital platforms for service delivery and communications makes it imperative on AEON Credit to ensure security around online transactions.

The growing sophistication of cyber threats has brought a need for greater vigilance and capabilities to address emerging threats to ensure continuous availability of services and adequate protection of

customer and company data. In this regard, we have established a 24/7 IT Security Operation Centre ("SOC") to monitor cyber related attacks on real time basis for immediate responses. Stringent security measures are implemented on all personal computers and IT Security tools such as Data Loss Prevention ("DLP"), File Integrity Management ("FIM") and Intrusion Prevention System ("IPS") have been deployed to safeguard and protect against any cyber-attack.

To evaluate the effectiveness of security measures and cyber threat mitigation plans, the Group conducts Cyber Crisis Simulation exercises to test our readiness to respond to cyber-attack scenarios that are most likely to impact the Group. The FYE2022 AEON Cyber Security simulation tested a scenario described as "AEON Web Production Server has been Compromised", which involved relevant business units formulating and presenting their action plans to mitigate the cyber risk and recover the website.

**(ii) Customer Data Protection**

AEON Credit has a large customer base and accordingly is custodian to a significant body of customers' personal and transactional data. It is imperative to secure the confidentiality and privacy of these data and to protect or prevent exposure to intrusions, theft and misuse.

Confidentiality, privacy, integrity and availability of critical information are fundamental principles enshrined in the Group's Integrated Management System ("IMS") Policy. The Personal Data Protection Act 2010 ("PDPA") and secrecy provisions under the Financial Services Act 2013 govern our customer data management policies. The Group has obtained certification under the ISO/IEC 27001:2013 Information Security Management System ("ISMS") standard, thus providing assurance to both internal and external stakeholders of the Group's information security management and risk mitigations.

Training and awareness programmes are regularly conducted to enhance 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 the processes for reporting security breaches.

## SUSTAINABILITY STATEMENT

**(b) Excellent Ethics, Governance, Risk & Compliance****(i) AEON Code of Conduct**

The AEON Code of Conduct ("CoC") dictates AEON Credit's stringent standards on how we conduct business and is mandated on all the Group's employees. It documents the Group's underlying principles of good governance, integrity and ethical and responsible business conduct that should be followed at all times to earn stakeholders' confidence and uphold our reputation as a good corporate citizen of impeccable standing. As well, the CoC epitomises AEON Credit's corporate philosophy and approach to business in conducting operations with integrity and fair dealings with all stakeholders. The CoC is an integral part of newly on-boarded employees' induction training and orientation programmes which is thereafter reinforced through annual CoC refresher training sessions aimed at continually embedding principles of good governance, ethics and integrity.

**(ii) Anti-Bribery Management System**

Since March 2020, the Group has in place an Anti-Bribery Management System ("ABMS") which is compliant with ISO 37001:2016. This system reinforces our basic integrity principle and embeds an anti-bribery culture within the Group. The implementation also facilitates compliance to adequate procedures requirement under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, which contains a corporate liability provision for bribery and corruption.

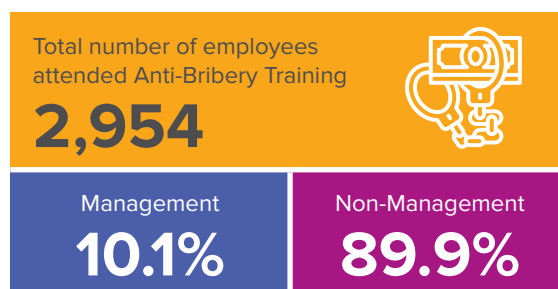
AEON Credit's implementation of the ABMS motivates employees to carry out their duties conscientiously and mitigates risk of corrupt activities or actions. We conduct an Anti-Bribery Risk Assessment annually to identify risks and assess adequacy of controls in place, with the aim of strengthening existing Group policies and procedures. For FYE2022, the Anti-Bribery Risk Assessment was conducted in August 2021. The result is similar to the FYE2021 assessment where the rating of 13 key processes assessed was maintained as "Satisfactory" signifying the adequacy of controls governing the key processes.

AEON Credit's Anti-Bribery Policy, approved by the Board and communicated to all employees, business associates and stakeholders, is available on the Company's website under Corporate Policies section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-policies/anti-bribery-policy> or scan the QR code below:



Training sessions accompanied Anti-Bribery communications to heighten anti-bribery awareness.

In FYE2022, the following Anti-Bribery initiatives were instituted:



- 2,954 staff submitted their "Say NO to Bribery" e-Pledge
- 384 business associates submitted integrity declaration

During FYE2022, there was no reported case of corrupt act by any employee of AEON Credit and no political contributions were made directly or indirectly by the Group.

**(iii) Compliance**

Operating in an industry that is strategic to the national economy and exerting an influence over the confidence in the country's financial system, AEON Credit is subject to stringent regulations and compliance requirements. The BRC has a dedicated focus on risk and compliance and plays a key role to support the Board in the oversight of compliance and risk management functions.

The Board has approved a Compliance Framework which governs the processes that drive compliance across operations. Group-wide training and awareness activities were conducted to reinforce accountability and ownership of compliance processes across business units.

AEON Credit's business, operations, products and services are governed by various regulatory authorities, including amongst others, Bank Negara Malaysia ("BNM"), Bursa Malaysia and Kementerian Perdagangan Dalam Negeri & Hal Ehwal Pengguna.

Maintaining our FYE2021 performance, in FYE2022 there were no instance of non-compliance to any law, policy or regulatory guideline issued by AEON Credit's oversight authorities.

The Corporate Governance and Risk Management Department works in tandem with business units in monitoring and managing compliance risks through conducting periodic reviews of related policies and internal controls. Compliance activities conducted in FYE2022 are summarised below:



#### (iv) Whistle Blowing Channels

In line with good practices for corporate safeguards against wrongdoing or risky or unethical behaviour, AEON Credit has long instituted a whistle blowing channel under the Group'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.

If 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](mailto: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 Group 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 Top Management (Senior General Manager and above) direct to AEON Group Japan. The report shall be addressed to [report\\_aeonglobal@yglpc.com](mailto:report_aeonglobal@yglpc.com).

In FYE2022 there were 11 reports received on our whistle-blowing channels that were investigated and brought up to proper closure.

#### (c) Business Innovation, Responsible Marketing, Product & Service Design

##### (i) Responsible Financing/Financial Inclusion

Innovation is crucial to AEON Credit's continuing competitiveness. We relentlessly focus on developing new and enhanced products and services to meet our customers' evolving demands. In all cases, the development and marketing of our products and services is tempered with a strong sense of responsibility.

AEON Credit remains committed towards providing suitable, affordable and quality financial services to targeted customer segments. The Group promotes inclusive finance where all segments of society, including the lower income, have convenient access to suitable and affordable financial services in contributing towards equitable and sustainable growth.

AEON Credit has always been ahead of its time in serving certain segments of the underserved market, for example new-to-workforce or new-to-credit segments. We are furthering our financial inclusion efforts through the following initiatives:

- We have expanded our offerings to include payment services in the form of AEON Member Plus prepaid Visa card.
- We leverage our payment channels such as AEONPay and payment via merchant to widen our reach and to better serve customers including the underserved segment.
- Provision of financial assistance to B40 customers during the pandemic and the recent December 2021 floods.

## SUSTAINABILITY STATEMENT

In FYE2023, efforts on financial inclusion will continue to be focused on event-triggered activities to provide targeted financial assistance and aid.

Clear and concise product information is provided to customers to ensure important information and risk disclosures are highlighted. Employees are equipped with sound knowledge on product features and ethics to promote the products based on customer needs.

In FYE2022, the COVID-19 pandemic continued to constrain economic activities, exerting adverse impacts on income generation capacity of many within the working population. AEON Credit empathise with the difficulties and hardships faced by our customers and have responded by offering AFAP and payment holidays to support affected customers, especially those in the B40 segment.

The Group also engages with affected customers to discuss and where appropriate propose “debt restructuring” or “rescheduling” programmes in order to facilitate their monthly repayment commitments. In this regard, customers also have access to AKPK for advice on managing their obligations.

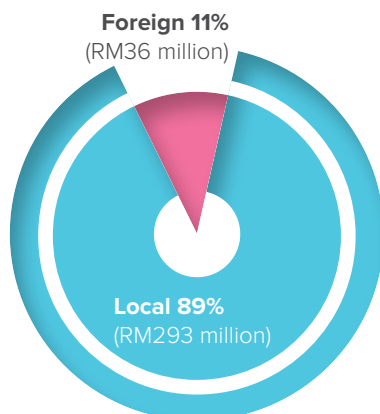
With the introduction and widespread take-up of COVID-19 vaccinations towards the second half of 2021 and the administration of booster shots in 2022, the country is looking forward to a gradual recovery in economic activities back to pre-pandemic levels. This augurs well for AEON Credit and our customers, nevertheless we continue to be vigilant and stand ready to support our customers to tide through lingering challenges.

### (d) Proportion of Total Payment to Suppliers and Vendors

AEON Credit practices and enforces transparency in our procurement process to ensure equitable treatment of payment to suppliers and vendors. We manage our procurement professionally and ethically in a manner consistent with best practices. Procurement of goods/services amounting to RM200,000 and above must be reviewed and approved by our Tender & Procurement Committee to ensure transparency and fair evaluation in the vendor and supplier selection process. Additionally, all confidential information both internal and external related to the procurement must be strictly protected and only used for the purpose for which it was provided.

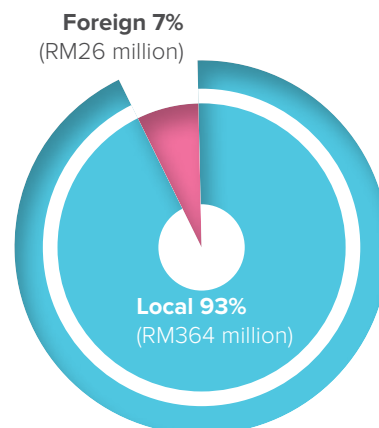
AEON Credit has a commitment to source and procure from local vendors and suppliers to support their continued development and contribute to national economic recovery following the devastating effects of the COVID-19 pandemic. In FYE2022, payment to foreign procurement suppliers and vendors declined to 7% of total payment compared to 11% in the previous year in spite of an 18% increase in total payment.

#### FYE2021



Total Payment to Suppliers and Vendors: **RM329 million**

#### FYE2022



Total Payment to Suppliers and Vendors: **RM390 million**






## 2

## CUSTOMER EXPERIENCE

At AEON Credit, we strive to give our customers an excellent experience as we believe this is foundational to retaining our customers, increase e-wallet usage and enlarging our customer base and, consequently, our revenues. Customer experience excellence is also a significant differentiator in our intensely competitive industry. Our material sustainability matters under Customer Experience pillar are:

**(a) Excellent Customer Experience, Support & Access****(i) Service Convenience and Customer Feedback**

AEON Credit places strong emphasis on a two-way relationship with customers and values customer feedback on our products and services. Such feedback is valuable in our efforts to continuously improve and stay relevant, translating into enhanced service quality and greater customer satisfaction. The Group has in place a variety of touchpoints to facilitate customer contact.

AEON Credit's Customer Touchpoints	
1. 	Consistent with the previous year, all complaints received through customer touchpoints in FYE2022 were resolved within the committed turnaround time
Live chat	
2. 	
Website online feedback form	
3. 	
Email	
4. 	
Telephone calls	
5. 	
Walk-in to AEON Credit branch	

**(ii) Customer Service Focus**

AEON Credit is committed to maintaining high standards of customer service aligned with the ISO 9001:2015 Quality Management System standard certification obtained by the Group. Employees are reminded to engage with customers in a conscientious and courteous manner when handling issues, and to seek appropriate resolution in the shortest possible time. Customer service programmes and initiatives carried out in FYE2022 to promote and embed excellent customer service include:

- Service Excellence Award Programmes for both Customer and Merchant Ambassadors (WoW Compliment). This programme recognises our AEON Ambassadors who received compliments from customers on services rendered and serves to create awareness and reinforces a mindset of responsiveness in internal and external customer interactions.

AEON Credit's Service Excellence Award		
No. of Awards Won YoY Comparison	FYE2021	FYE2022
 Gold Award Achievers	27	39
 Silver Award Achievers	74	227
 Bronze Award Achievers	154	375
<b>Total</b>	<b>255</b>	<b>641</b>



## SUSTAINABILITY STATEMENT

An upcoming project for FYE2023 is the Introduction of Net Promoter Score by way of a Customer Satisfaction Survey conducted to measure overall customer satisfaction of our services based on identified customer service touchpoints.

We conduct mandatory training on customer management and customer service to all new recruits in frontline roles who interact with customers and business partners. In addition, soft skills training is routinely conducted for existing employees and new hires. In FYE2022, 41 soft skill training sessions were conducted for front liners, namely Branches, Contact Centre and the Credit Management team. In terms of planned training for FYE2023, an upcoming Complaint Handling Management Training for supervisors and team leaders is targeted for 3rd quarter 2022. This training is intended to enable staff in managing and handling customer feedback/complaints professionally and solving customer issues to achieve win-win situations by providing suitable alternatives and appropriate justification to customers.

### (b) Business Innovation, Responsible Marketing, Product & Service Design

Given that competition in the financial services industry is intensifying with customers growing more sophisticated and demanding, it is imperative that AEON Credit relentlessly pursue excellence in our product and service offerings to continue acquiring new customers and originate new business while retaining our existing valued customers. To this end, business innovation is fundamental in meeting the exacting demands of our customers.

A tangible manifestation of our drive to continuously innovate is our Digital Transformation Programme which is consistent with the financial services industry's move towards digitalisation. We have adopted digitalisation in our continuing efforts to enhance our product offerings to offer greater convenience, ease of access and greater benefits to our customers. This is articulated in greater detail below under our Digital Product and Service Transformation sustainability pillar.

As we innovate in our product and service offerings, responsible features, terms and conditions remain top-of-mind to ensure that dealings with our customers are fair and equitable.

The experience we give to our customers hinges significantly on the integrity with which our products and services are marketed and the care that goes into their design. AEON Credit take great pains in designing fit-for-purpose products and services that meet with the requirements of our customers.

We adopt a responsible and transparent approach to marketing our products and services and provide our customers with full information on the associated terms and conditions to support them in reaching an informed decision when signing-up for our products and services. Collectively, our efforts have the overarching intent of ensuring fair treatment to our customers and leave them with a favourable impression which, in turn, will encourage loyalty and referrals.

This material matter is also applicable to our Conduct and Trust sustainability pillar and is articulated in greater detail therein.





## 3

## DIGITAL PRODUCT AND SERVICE TRANSFORMATION

Over the past decade, the combination of technology innovations and shift in consumer preferences has had a transformative impact across all industries globally, including financial services. IT innovations of the recent past have matured and become more economically feasible for implementation paving the way for digitalisation. Our material sustainability matters under Digital Product and Service Transformation pillar are:

**(a) Business Innovation, Responsible Marketing, Product & Service Design**

In tandem with our continuing digital transformation, AEON Credit is placing increased prominence on building and strengthening our digital team through improvement in digital skills, access to tools and digital technologies. Alongside digitalisation, the Group has also placed intense focus on continually strengthening our cyber security stance to safeguard the security and integrity of our systems and protect data from cyber risks.

AEON Credit's digital transformation journey continues in FYE2022 with the implementation of the following initiatives:

- MyAEON2GO platform integration to provide AEON Member Plus ("AMP") cardholders access to benefits under AEON Group's e-commerce platform.
- Building on e-KYC capabilities for Credit Card and AMP Visa Card for online application submission.
- Implementation of Instant Card issuance kiosk to expand our recruitment channels and, at the same time, reduce physical interaction with recruiters.
- AEON Wallet initiatives covering:
  - Introduction of loan functionalities to allow viewing of loan accounts and facilitating cards and loan account repayments via AEON Wallet;
  - Introduction of AEON Wallet app into Huawei App Gallery riding on the Huawei Harmony operating system; and
  - AEON Member Card termination via AEON Wallet.

Digitalisation initiatives planned for FYE2023 include:

- Peer-to-Peer transfer - a facility targeted at AMP Visa card users with AEON Wallet to allow fund transfers between AMP card users.
- Unique referral code – a functionality to allow AEON Credit to tap on our existing user base to market the AEON Wallet mobile application.
- Virtual Express Card via AEON Wallet which enhances ease and convenience for AEON Express Card holders through the provision of a digitalised card.

As always, in developing and designing new and enhanced products and services, the requisite due diligence is exercised to ensure that they reflect AEON Credit's responsibility for excellent ethics, fair dealings and sustainability both on the part of AEON Credit and our customers.

**(b) Excellent Customer Experience, Support and Access**

The role IT plays in the conduct of business and in everyday life from ordering food and daily necessities through to education has become even more deeply embedded following the COVID-19 pandemic. AEON Credit recognises the pervasiveness of IT and through our Digital Transformation is embedding broader and deeper application of IT into our products and services giving credence to the wave of change through digitalisation. The new normal has only heightened the impetus to hasten and deepen digitalisation. The initiatives we have taken in this regard are articulated in greater detail along with related planned initiatives moving into FYE2023 under the Customer Experience sustainability pillar above.



## SUSTAINABILITY STATEMENT

## 4

## EMPLOYEE HEALTH, SAFETY &amp; WELL-BEING

Equality as well as diversity and inclusion underpin our Human Resources policies. Further, AEON Credit recognises the strategic importance of maintaining safety at workplace and having a healthy workforce as an intrinsic part of our responsibility to our people who form the backbone of the Group. Our material sustainability matters under Employee Health, Safety and Well-being pillar are:

**(a) Employee Health, Safety & Well-being****(i) Occupational Safety and Health**

AEON Credit's Occupational Safety and Health ("OSH") Policy reaffirms our commitment to provide a safe and conducive working environment for all employees and safeguard customers and visitors from potential hazards caused by the Group's business activities. This OSH policy was updated on 9th December 2021 to reflect the formal establishment of the Safety and Health Committee at Place of Work which comprise representatives from different functions, roles and locations across the organisation. The Group's Emergency Response, Safety and Health and Housekeeping Guidelines ("ERSH") Committee is chaired by the Managing Director which has, as their principal responsibility, the formulation and review of the Group's OSH Policy with reference to the Occupational Safety and Health Act 1994.

Detailed guidelines on hazard identification and risk assessment are outlined for implementation in the ERSH document. The Group also endeavours to provide a safe and conducive working environment for all its employees and non-employees alike. Regular audits by both internal and external auditors are performed for incident investigation, hazard identification and risks assessment relating to incidents, to determine corrective actions and improvements needed in the OSH Management System.

In FYE2022, there was a total of 43 personnel (2021: 330) or 1% (2021: 9.3%) of our total workforce who are not employees of AEON Credit but whose work and/or workplace were controlled by AEON Credit. These personnel include vendors, agency workers, contractors, volunteers, individuals and self-employed persons. All such personnel and all permanent employees are covered under the Group's OSH Management System, this is similar to FYE2021.

The Group conducts occupational health and safety training for our 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 a periodic basis.

**(ii) COVID-19 Preventive Measures**

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 our employees and operationalise the SOP.

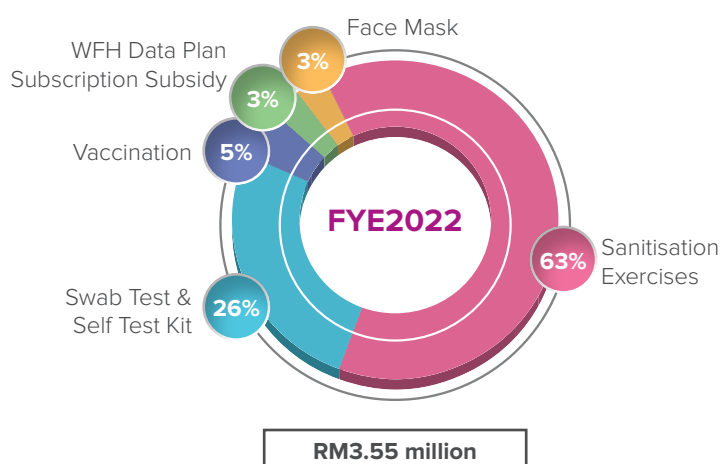
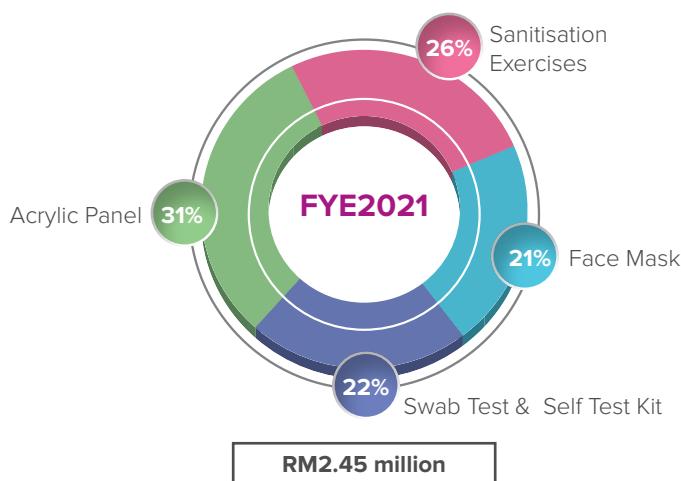
Employees are allowed to work from home if their job functions permit. Strict compliance to SOP is enforced when employees are required to work from the office. As a provider of essential services, the Group instituted split operations for critical business units through relocation of employees as a counter measure to reduce risk exposure amongst them. In FYE2021, the Group established AEON Credit's Employee Support Programme, a dedicated platform to attend to employee queries and grievances related to COVID-19 pandemic, this programme continued into FYE2022 and has served as a useful avenue to update employees on our COVID-19 responses and convey the Group's expectations of employees in our collective effort to fend off adverse effects on health and keep our business operating while maintaining service levels.



Our COVID-19 pandemic management measures, in addition to measures in compliance to Government mandated SOPs, have included:

1. Formation of COVID-19 Task Force
2. Face shield distribution
3. Vaccination arrangement
4. Vaccination leave
5. Quarantine leave
6. Meal subsidy
7. Phone subscription subsidy
8. Work from home/Manpower arrangement
9. Weekly COVID-19 Self-Test Kits for staff
10. Face mask reimbursement via AEON Wallet
11. Laptop computer distribution.
12. COVID-19 awareness communication.
13. FAQ revision in tandem with Government SOP & AFS Directives.
14. Group Careline/Helpline to support and assist our staff.
15. Nationwide mass COVID-19 swab tests
16. Nationwide swab test claim
17. Conducting briefing sessions on COVID-19 related matters
18. Scheduled office sanitisation

#### COVID-19 Related Expenses



## (b) Employee Benefits, Employee Engagement Programmes

### (i) Workforce Diversity

AEON Credit celebrates diversity and inclusiveness in our workforce, our approach to diversity is anchored on respect, equality and inclusion. In line with the AEON Credit's CoC, the Group respects the rights of every individual and fosters diversity and inclusivity with the aim of building a harmonious, dynamic and strong workforce

The Group recognises that diverse 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.

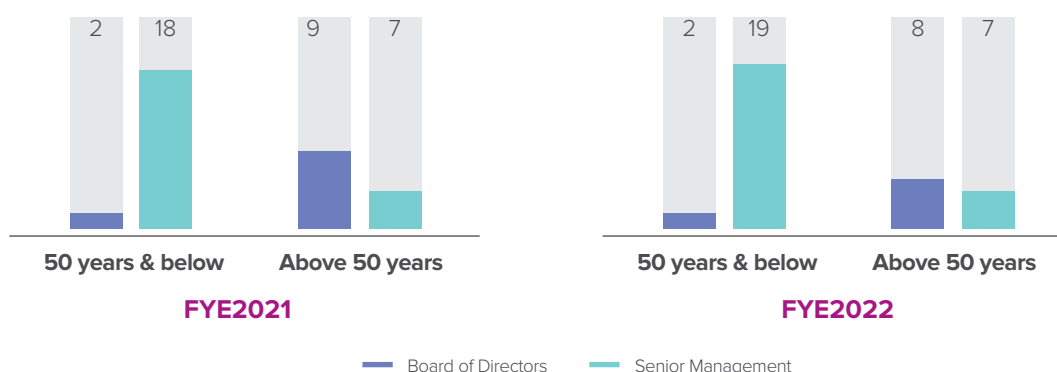
The Group has a gender ratio of 35.08% male : 64.92% female at the end of FYE2022 (FYE2021: 35.08% : 65.92%). The gender composition at the senior management level has remained relatively stable, FYE2022 77% male : 23% female compared against FYE2021 76% male : 24% female in FYE2021. Nevertheless, AEON Credit remains steadfast in recognising the importance of women in leadership positions and strives to assure a fair female representation at the management level.

#### Gender Composition of Board of Directors and Senior Management

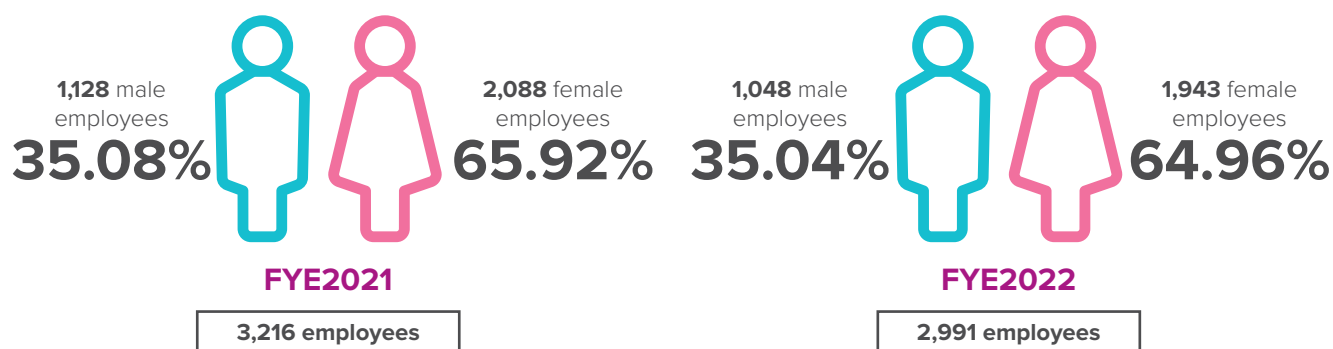


## SUSTAINABILITY STATEMENT

### Age Composition of Board of Directors and Senior Management



### Staff Composition by Gender



### Staff Composition by Nationality

AEON Credit has a workforce comprising primarily of local employees with a small foreign representation in strategic and key operational roles to facilitate skills and knowledge transfer to the local workforce.

#### FYE2022



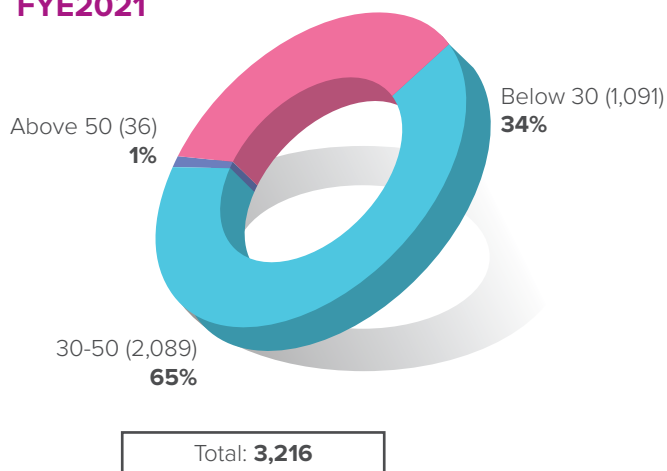
### Staff Composition by Designation

#### FYE2022

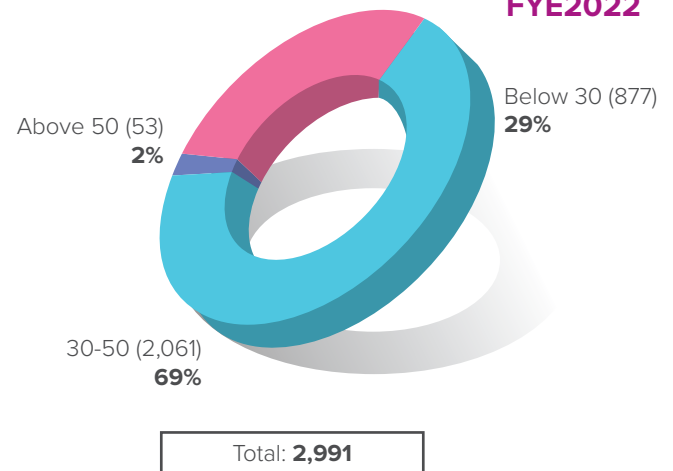
Managing Director <b>1</b>	Executive Director/ Executive Officer <b>6</b>	Senior General Manager <b>5</b>	General Manager <b>16</b>
Senior Manager <b>69</b>	Manager <b>102</b>	Assistant Manager <b>138</b>	Senior Executive <b>464</b>
Executive <b>1,743</b>	Junior Executive <b>420</b>	Clerk <b>17</b>	Non-Clerk <b>10</b>

### Staff Composition by Age Group

#### FYE2021

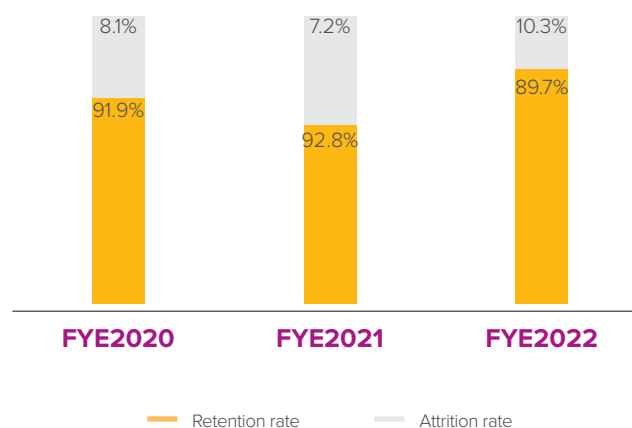


#### FYE2022



### Attrition Rate

Despite the challenging year, AEON Credit has managed to retain its total number of employees, without necessitating any retrenchment or retirement programmes. Voluntary resignations or attrition rate for FYE2022 increased to 10.3% compared to the FYE2021 level of 7.2%.



## SUSTAINABILITY STATEMENT

**(ii) Remuneration and Employee Benefits**

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

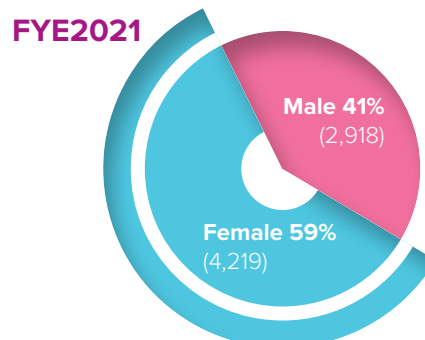
AEON Credit provides an extensive range of benefits to our employees, amongst others:

- Flexible working arrangement
- Employees' Provident Fund ("EPF") contribution exceeding the statutory rate
- General health care and coverage under Group Hospitalisation and Surgical insurance including dental and optical
- Group Term Life covering permanent disability, invalidity or death
- Attractive performance-based bonus
- Parental and birthday leave
- Contribution for:
  - birth of child
  - death of Immediate family
  - tragedy/calamity
  - marriage

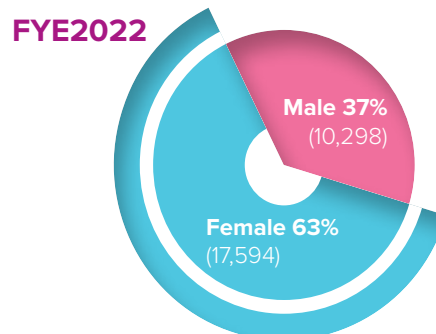
**(iii) Employee Training**

AEON Credit firmly believes in training to equip our workforce with the requisite knowledge to optimally perform their duties, attain high productivity levels and achieve desired results. In this regard, we provide a range of training to our workforce which are aligned to individual employees' duties and responsibilities. The training is also intended to keep them updated on the latest developments in their respective areas of responsibilities.

Following a period of slowdown in FYE2021 when training was impacted by COVID-19 restrictions, an intense focus on business continuity and safeguarding the health of our workforce, training hours improved significantly in FYE2022 with a total 27,892 training hours accumulated for all employees as opposed to 7,137 training hours for FYE2021 as familiarity, preparedness and capacity for virtual training strengthened in FYE2022.

**Total Training Hours**

Total: **7,137**



Total: **27,892**

Average Training Hours		
	2021	2022
Female	2.02	9.08
Male	2.59	9.91
<b>Total</b>	<b>2.22</b>	<b>9.37</b>



#### (iv) Employee Engagement

The Group recognises the importance of communication at the workplace and constantly provide two-way communication channels for employees to create a positive work environment. Constant engagement creates a strong emotional connection between the Group and our employees which promotes higher productivity, contribution and serves as a motivational force for others.

AEON Credit places great significance to ensure our employees are continually engaged. It is an acknowledged fact that a good employee experience goes a long way towards attracting and retaining top talent, to this end we have in place a spectrum of mechanisms across the employment lifecycle to deliver an enriching and rewarding experience to keep our employees engaged and passionate about being part of AEON Credit which in turn, drives long term sustainable growth. In compliance to restrictions imposed to combat the COVID-19 pandemic and out of a duty of care to ensure the good health of our employees, AEON Credit encourages usage of virtual platforms for discussions and meetings which have been the predominant interaction mechanism in FYE2022.

Our employee engagement channels are summarised below:

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

The Employee Suggestion Programme (“ESP”) was established to encourage employees to contribute constructive ideas for operational improvements. Inputs provided by employees are reviewed by the ESP Committee before implementation. The ESP, which has been extended following favourable reception during its launch in October 2011, covers a 1 year period with quarterly submission windows. The ESP Committee selects 3 best suggestions every quarter which are recognised by the award of a token of appreciation along with a certificate from the Managing Director. At the end of the 1 year ESP period the best 10 suggestions are shared with heads of business units for consideration and implementation. In FYE2022, 109 suggestions were received which underwent review and assessment by the ESP Committee comprising the CFO and Senior Management and representatives from Customer Services, Marketing and Operations. The ESP garnered suggestions across business units, job functions and grades and has not only managed to promote problem-solving, innovation and a business centric mind-set on the ground, but also allowed AEON Credit to give voice to our workforce at the working level and hear their ideas and opinions.

AEON Credit has in place a structured performance evaluation system, incorporating target setting and annual performance assessments involving employees and their superiors. The process covers face-to-face interaction to establish clear and specific work expectations including KPI/target setting, continuous feedback, performance and career development review.

An Employee Satisfaction Survey is conducted on a needs basis to gauge of employees’ satisfaction level. One such survey was conducted in FYE2022 with 80% of the respondents out of a total of 1,728 employees surveyed reporting satisfaction with the current arrangement/atmosphere at AEON Credit on 4 main areas of interest namely leadership, communication, teamwork/morale and engagement.

We recognise our employees’ exemplary performance and contributions. Service excellence and employee loyalty are acknowledged annually through various awards such as Excellent Staff Awards, Meritorious Service Awards, Excellent Customer Service Awards and Long Service Awards. The Group will continue to review its compensation and benefits policies to ensure competitiveness whilst also recognising our employees’ contributions and dedication.

## SUSTAINABILITY STATEMENT

5

## ENVIRONMENTAL STEWARDSHIP

AEON Credit, in solidarity with the global community, is committed to instituting climate action to battle the existential threat posed by global warming. We are doing our part to reduce our carbon footprint and lend to the collective global efforts at reducing greenhouse gas emissions. The continued prosperity of our business hinges on the survival and wellbeing of the planet making it imperative on us to work as hard as everyone to hold off global warming. Our material sustainability matter under Environmental Stewardship pillar is:

## Environmental Management

## (i) Environmental Conservation

While there have been good intentions and willingness, AEON Credit's ability to execute planned environmental conservation initiatives has been severely constrained by COVID-19 restrictions. We only managed to embark on a single physical activity which was Mangrove Tree Planting at Lema'as Forest Reserve, Kota Belud, Sabah. A total of 500 trees were planted in the Class V Mangrove Forest Reserve in January 2022. For FYE2023, the Group is planning to commence with Phase 2 plantings for reforestation at Sabal Forest Reserve, Simunjan, Sarawak and mangrove plantings at Lema'as Forest Reserve, Kota Belud, Sabah.

## (ii) Environmental Management System

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

AEON Credit promotes environmental consciousness and conscientious behaviour in support of our commitment to minimise our impact on the environment. During the COVID-19 pandemic, we remind all staff to properly dispose of face masks and self test kits in order to prevent inadvertent spread of the virus through unsafe disposal methods. We also conducted awareness campaigns, to educate staff on our environment's vulnerability and protecting it to create a better tomorrow for our children, for instance reminding all staff to join and support the global community by switching off non-essential electrical equipment on Earth Hour.





We also encourage staff to reduce single-use plastic waste during Plastic-free July programme during which we challenged our staff to break the plastic habit on a daily basis:

- Day 1 – No plastic bottle
- Day 2 – No plastic utensils
- Day 3 – No food container
- Day 4 – No plastic bag

## (iii) Responsible Consumption

Though our operations are not closely tied to natural resources, we are nevertheless committed to contributing what we can for the betterment of the environment and our planet. A principal way we do this is through responsible consumption which is embedded and practiced throughout all aspects of our business with a focus on 3 key areas, namely electricity, paper and water.

We relentlessly seek ways to manage our consumption, both to further our sustainability commitments and to mitigate operational costs. To monitor our consumption patterns and as critical inputs in our efforts to manage our consumption levels, we collect data on our electricity, paper and water consumption, the latter which started in September 2021.

FYE2022	
Electricity <b>2.62 mil kWh</b>	Paper <b>4,110 reams</b>
Water* <b>6,269m<sup>3</sup></b>	
Volume  <b>0.96 mil kWh</b>  <b>3.81%</b>	Volume  <b>1,924 reams</b>  <b>88%</b>
FYE2021	
Electricity <b>2.52 mil kWh</b>	Paper <b>2,186 reams</b>

\* Collection of consumption volume only commenced in September 2021

Electricity and paper consumption have both experienced increases in FYE2022 on the back of increased levels of business activities as movement controls, though tight, were not as absolute as those imposed in FYE2021. As well, instituting various financial assistance programmes for our customers required administrative effort and the attendant consumption of electricity and paper.

## 6

## CONTRIBUTING TO COMMUNITIES

AEON Credit takes great pride in giving back to the community as a gesture of continuous support to Malaysians, in the areas of well-being, health, education and sports. At AEON Credit, such concept is embodied in our 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. Our material sustainability matter under Contributing to Communities pillar is:

## Strategic Community Investment

## (ii) Malaysian AEON Foundation

MAF is the joint philanthropic arm of AEON CO. (M) BHD., AEON Credit Service (M) Berhad, AEON Big (M) Sdn. Bhd., AEON Delight (Malaysia) Sdn. Bhd. and AEON Fantasy (M) Sdn. Bhd. The Foundation has since its establishment in 2004, been actively engaging with assisting communities during festivities and natural calamities and also vulnerable individuals who need assistance with a focus on education, shelter and medical support. A total of RM17 million has been contributed nationwide since 2004.

In FYE2022, several programmes were also initiated to assist communities affected by the COVID-19 pandemic. The programmes includes donations to frontliners, low income families, communities affected by natural calamities and also to children during festivities.



**AEON Bersamamu**  
assistance to  
low income families  
**RM247,978**

**AEONBANTU Donation**  
contribution to victims of  
natural calamities  
**RM91,177**

**General donation**  
COVID-19 healthcare items  
and financial support  
**RM90,593**

**AEON Sayap Bagimu**  
tablet contribution to students  
from low income families  
**RM1,000,000**

**AEON COVID-19 Ops Relief**  
contribution of care packs  
to frontliners  
**RM83,873**

**AEON Mesra Festivities**  
contribution of new attire to  
orphanages and NGO's  
**RM159,316**

## (ii) Education

The Group had also implemented several initiatives in the area of Education by working together with public universities. Scholarship were awarded to students at three (3) public universities namely Universiti Malaya, Universiti Sains Malaysia and Universiti Putra Malaysia and to-date a total of 36 students have been awarded education scholarship with 12 students graduating with honors in FYE2022.

**Education**  
Sponsorship for students at local public universities  
**RM285,200**

## (iii) Sports

In sports, the Group is the main title sponsor for the Purple League Junior Tournament which aims to provide a competitive avenue for junior badminton talents. In FYE2022, the winners of the tournament underwent a 14-day training camp with the Badminton Association of Malaysia. To further enhance development of badminton talent at the grassroots level, the Group has partnered with the Ampang Jaya Badminton Club under the AEON Credit Junior Badminton Development Programme since 2016. To-date a total of 11,352 young badminton talents have benefited from this partnership.

In FYE2022, the Group also collaborated with the Darul Naim Cycling Academy and benefited 30 junior cyclists in the first year of partnership. The Group plans to continue supporting junior cyclist development programmes and promote healthy activities among youths.

**Sports**  
Purple League Junior, Ampang Jaya Junior  
Badminton Development Programme and  
Darul Naim Cycling Academy  
**RM750,000**

In FYE2022, AEON Credit also organised community engagement programmes in collaboration with Hope Place in Kuching, Sarawak and Pusat Jagaan Rumah Kesayangan in Petaling Jaya, Selangor.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of AEON Credit Service (M) Berhad ("AEON Credit" or "the Company") hold a strong conviction that good corporate governance ("CG") is pivotal to operational efficiency, capital access, risk mitigation and overall effective stewardship of business of AEON Credit and its subsidiary ("AEON Credit Group" or "the Group"). The transparency that will invariably arise through the practice of good CG will enhance our accountability and drive a relentless focus on creating long term value for all our stakeholders.

AEON Credit is subject to a comprehensive regulatory regime which manifests in stringent oversight and supervision and the Board has established a robust framework for good CG to guide our CG and compliance practices. The framework is updated regularly to reflect the latest developments and regulatory requirements.

This 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 in accordance with the Malaysian Code on Corporate Governance updated in 2021 (MCCG). Guidance was also drawn from Practice Note 9 of Bursa Securities' MMLR and the Corporate Governance Guide ("4<sup>th</sup> Edition") issued by Bursa Securities. The CG Overview Statement should be read together with the Corporate Governance Report ("CG Report"), which is available on <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below, as the CG Report provides a detailed articulation on the application of the Company's corporate governance practices vis-à-vis the MCCG.



This statement sets out a summary of the Group's CG practices during the financial year ended 28 February 2022 (FYE2022).

This CG Overview Statement provides shareholders and various stakeholders with an overview of how the Group has applied the three (3) Key Principles of the MCCG during the FYE2022:

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

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### BOARD RESPONSIBILITIES AND SENIOR LEADERSHIP OVERSIGHT

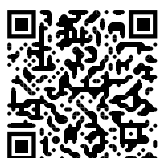
The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises the Management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties,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

- i. Approve business plans, risk appetite, and other initiatives that have a material impact on the Group's risk profile;
- ii. Oversee the implementation of the Group's governance and internal control framework, periodically review them to ensure they remain relevant and consistent, in light of material changes to the size, nature and complexity of the Group's operations;
- iii. Promote, together with Senior Management, a sound corporate culture within the Group which reinforces integrity, ethical and professional behaviour;
- iv. Promote sustainability through appropriate environmental, social and governance considerations in the Group's business strategies;
- v. Oversee and approve the recovery, resolution and business continuity plans for the Group 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 Group.

In discharging its roles and responsibilities, the Board is guided by a Board Charter, which sets out its roles, responsibilities and powers 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 periodic review to conform to the following requirements, statutory provisions, guidelines, principles and best practices:

- ◆ MMLR of Bursa Securities;
- ◆ Bank Negara Malaysia Policy Documents;
- ◆ Companies Act 2016;
- ◆ MCCG;
- ◆ Corporate Governance Guide; 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 a Top Management of functional experts (collectively "the Management") recognising their responsibilities to ensure that the Group operates within a framework of prudent and effective controls. On the other hand, the Management exercises oversight and governance over execution and provides the Board and the Board Committees with the requisite information and specialist advice in a timely manner to enable the Directors to discharge their duties and responsibilities effectively and yield expected results.

The roles and responsibilities of the Chairman and MD are distinct 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, who is not a member of the Audit Committee ("AC"), Board Risk Committee ("BRC"), Nominating Committee ("NC") and Remuneration Committee ("RC") 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 Group's strategic plans, policies and decisions approved by the Board.

The MD is also responsible for leading and managing the overall operations and making business decisions for the Group, with the support of the Top Management, within mandates and limits of authorities delegated by the Board. Various powers are further delegated to the Management team based on the Group'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

Board meetings are pre-scheduled to take place on a monthly basis to enable the Board to stay current on emerging areas of interest or concern, facilitate close and regular follow-up of on-going matters and to accommodate expeditious decision making.

Board and Board Committee meetings are formal forums for deliberation of matters of strategic and operational significance. Ahead of any such meetings a formal and

structured agenda and related information are provided to all Directors at least 5 business days in advance to allow time for review, assimilation and if required, obtain further information on matters to be deliberated. Occasionally, the Board or Board Committees meetings may be called at short notice when critical decisions are required on an urgent basis. Attendance of Management member(s) will be called for, as necessary, to articulate more detailed information and provide specialist perspectives to facilitate and support the Board or Board Committees in making informed decisions.

Where specialist input or advice is required for the Board to arrive at a well-considered and informed decision, the Board may seek the counsel of independent subject matter expert(s) at the Group's expense in accordance with established procedures set out in the Board Charter.

Board members have unrestricted access to the advice and services of the appointed qualified Company Secretary, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary is equipped with the skills and expertise to provide unhindered support and appropriate advice to Directors to ensure the Board procedures and relevant regulatory requirements and guidelines (including corporate governance issues) are always adhered to.

Besides making arrangements for Board, Board Committees and general meetings and drawing up the relevant meeting agenda, the Company Secretary also serves in an advisory capacity in monitoring developments in corporate governance. The Company Secretary also assists the Board in applying best practices to meet the Board's needs and stakeholders' expectations.

The Board is also regularly updated and advised by the Management on the overall compliance requirements, adherence to regulatory guidelines, statutory requirements as well as the associated impact and implications on the Board and the Group.

During FYE2022, the Board met sixteen (16) times where it deliberated and considered various matters including financial results, operational performance, potential investments, strategic decisions, risk management, sustainability issues and other matters requiring the Board's decision. All proceedings of the Board meetings were 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 Chairman of AC, BRC, NC and 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of Directors' attendance at the Board meetings are set out below:

Name of Director	Designation/ Directorate	Attendance
Ng Eng Kiat	Chairman/ Non-Independent Non-Executive Director	16/16
Tomokatsu Yoshitoshi	Independent Non-Executive Director	16/16
S Sunthara Moorthy A/L S Subramaniam	Independent Non-Executive Director	16/16
Datuk Adinan bin Maning	Senior Independent Non-Executive Director	14/16 <sup>(1)</sup>
Datin Khoo Pek Ling	Independent Non-Executive Director	16/16
Datin Yasmin Ahmad Merican	Independent Non-Executive Director	15/16 <sup>(2)</sup>
Rashidah binti Abu Bakar	Independent Non-Executive Director	16/16
Lee Tyan Jen	Executive Director	16/16
Daisuke Maeda (Appointed on 23 June 2021)	Managing Director	11/11
Mitsugu Tamai (Appointed on 23 June 2021)	Non-Independent Non-Executive Director	11/11
Yuro Kisaka (Retired on 23 June 2021)	Managing Director	5/5
Dato' Md Kamal bin Ismaun (Retired on 23 June 2021)	Non-Independent Non-Executive Director	5/5
Masaaki Mangetsu (Retired on 23 June 2021)	Non-Independent Non-Executive Director	5/5

<sup>(1)</sup> Unable to attend 2 meetings due to medical reason and overseas engagement.

<sup>(2)</sup> Unable to attend 1 meeting due to medical reason.

## BOARD COMPOSITION, BALANCE AND DIVERSITY

The Board is committed in ensuring that members collectively possess the diversity of skills, knowledge and experience pivotal to driving the Group forward. This commitment also extends to embracing inclusiveness in Board appointments. The Board believes diversity would add value to deliberations and makes for a balanced view leveraging on different perspectives and backed the members' wealth of experience. To this end, the Board considers diversity from a number of different aspects, including skills, background, knowledge, international and industry experience, culture, independence, age, ethnicity, gender and any other factors which the Board thinks fit. Sourcing the right Board members is a continuing priority and is always conducted in accordance with Board's Corporate Governance agenda in order to achieve the right diversity in the Board.

The Board currently consists of ten (10) members, comprising the Chairman who is a Non-Independent Non-Executive Director, six (6) Independent Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors, including the MD. In terms of gender diversity, 40% of the Board members are female, exceeding the regulators' target of 30% female board representation. Reflecting the Board's commitment to independence, 60% of the current Board members are Independent Directors, this proportion complies with Bank Negara Malaysia ("BNM") CG Policy and is over and above that prescribed under the MMLR of Bursa Securities.

The present size and composition of the Board is considered to be optimum and well balanced, whilst bringing experience from diverse professional backgrounds and disciplines. Further, Board diversity will equip the Group to face challenges of an intensely competitive industry environment and its constantly evolving risk profile. 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			
Male <b>6</b>		Female <b>4</b>	
NATIONALITY			
Malaysian <b>7</b>		Non-Malaysian <b>3</b>	
AGE GROUP			
41-50 years <b>2</b>	51-60 years <b>2</b>		>60 years <b>6</b>
ETHNICITY			
Malay <b>3</b>	Chinese <b>3</b>	Indian <b>1</b>	Japanese <b>3</b>



**MORE**

The diversity of the Board members' experience is summarised below, further details are contained in the profile of each Director as set out on pages 48 to 52 of this Integrated Annual Report.

## BOARD COMMITTEES

The Board is assisted by dedicated Board Committees, which are established under defined Terms of Reference ("TOR"), in accordance with the MMLR of Bursa Securities and best practices prescribed by the MCCG to assist the Board in discharging their responsibilities. The Board Committees comprise AC, BRC, NC and RC, a brief description of their respective core oversight areas is tabulated below:



The functions and TOR of the Board Committees and their delegated authorities have been approved by the Board and are reviewed periodically to ensure they are relevant and current. 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 pivotal importance of business sustainability and sets the tone at the highest level to inculcate and promote sustainability practices across the Group and in all aspects of the business. The Environmental, Social and Governance ("ESG") impact of decisions taken are carefully considered in detail and appropriately balanced against the associated risk and financial considerations. 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 Group in the Integrated Annual Report.

## REMUNERATION OF DIRECTORS AND TOP MANAGEMENT

A Remuneration Policy, applicable to Directors and Top Management is in place. The Board recognises that a comprehensive and fair remuneration package is fundamental 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 Directors and Top Management to ensure that they remain competitive, appropriate and commensurate with the individual's experience, skills, and level of responsibilities, and are aligned to industry benchmarks.

All RC members are Independent Directors, primarily responsible to assist the Board in the implementation of the above-mentioned policy and procedures. The RC is chaired by Tomokatsu Yoshitoshi, an Independent Non-Executive Director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The RC's TOR is available in the Company's website under Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance>.

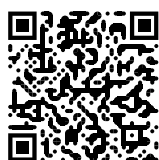
Four (4) RC meetings were held during the FYE2022. Details of the RC members' meeting attendance during FYE2022 are set out below:

Name of Director	Designation/ Directorate	Attendance
Tomokatsu Yoshitoshi	Chairman/ Independent Non-Executive Director	4/4
Datin Yasmin Ahmad Merican	Member/ Independent Non-Executive Director	4/4
Rashidah binti Abu Bakar (Appointed on 1 January 2022)	Member/ Independent Non-Executive Director	—
Ng Eng Kiat (Resigned on 31 December 2021)	Member/ Non-Independent Non-Executive Director	4/4

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.

## NOMINATING COMMITTEE

The NC established by the Board comprises three (3) members, all of whom are Independent Directors as at 28 February 2022. The NC is chaired by Tomokatsu Yoshitoshi, an Independent Non-Executive Director. The NC's TOR is available on the Company's website under the Terms of Reference section at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance> or scan the QR Code below:



Four (4) NC meetings were held during FYE2022. Details of the NC members' meeting attendance during FYE2022 are set out below:

Name of Director	Designation/ Directorate	Attendance
Tomokatsu Yoshitoshi	Chairman/ Independent Non-Executive Director	4/4
Datin Yasmin Ahmad Merican	Member/ Independent Non-Executive Director	4/4
S Sunthara Moorthy A/L S Subramaniam (Appointed on 1 January 2022)	Member/ Independent Non-Executive Director	—
Dato' Md Kamal bin Ismaun (Retired on 23 June 2021)	Member/ Non-Independent Non-Executive Director	1/1
Ng Eng Kiat (Appointed on 23 June 2021 and resigned on 31 December 2021)	Member/ Non-Independent Non-Executive Director	2/2

During the FYE2022, the key activities undertaken by the NC are summarised as follows:

- Reviewed and assessed the size of the Board, required mix of skills, experience and other qualities of the Board including core competencies that both Executive and Non-Executive Directors should bring to the Board,
- Assessed of the effectiveness and performance of the Board as a whole, the Board Committees and contribution of each individual Director.
- Assessed the effectiveness and performance of Directors and also the independence of Independent Directors.
- Reviewed and recommended the re-election of retiring Directors.
- Identified and reviewed the training needs of the Directors.
- Reviewed and recommended the proposed appointment of Directors of the Group.
- Reviewed the NC's terms of reference.

The effectiveness of the Board is critical to impactful and value creating stewardship of the Group. The Board, through the NC, conducts a rigorous annual review and assessment on the effectiveness of the Board, Board Committees and each Director individually. This assessment focuses mainly on the performance of individual Directors, training and development, participation and contribution of the Directors at the Board and Board Committees meetings in the Group.



*The Group has conducted the Board Effectiveness Evaluation (BEE) for FYE2022 and the details are set out in the CG Report.*

## DIRECTORS' TRAINING

The Board values the importance of continuing education and acknowledges that training is a critical ongoing process to ensure that the Directors keep relevant and abreast of the latest developments. Training also equips the Directors with the necessary skills and knowledge to guide the Group as it navigates the challenges of a constantly changing environment. The Board has delegated the role of reviewing the training and development needs of the Directors to the NC.

A comprehensive induction programme is provided to ease fresh Directors into their new role and assist them in understanding the Group's business, challenges, issues and strategies. All new Directors are also provided with information packs containing the Board Charter, Code of Conduct ("CoC"), TOR of Board Committees, previous year's Integrated Annual Report and relevant Board materials to facilitate an 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 Group 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 FYE2022 is set out below:

No	Name	Training Attended
1	Ng Eng Kiat	<ul style="list-style-type: none"> <li>• MFRS 15 - Revenue from contracts with customers/MFRS 16- Leases</li> <li>• MIA Webinar Series: Pre &amp; Post IPO Rules and Key Updates to Listing Requirements</li> <li>• ISQM 1 and 2 - International Standard on Quality Management/ISA 220 (revised) - Quality Management for an Audit of Financial Statements</li> <li>• Director's Guide to Risk Maturity Frameworks</li> <li>• Cybersecurity Oversight in the Boardroom</li> <li>• Budget 2022</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> <li>• IERP Qualified Risk Director Professional Certification Programme</li> </ul>
2	Daisuke Maeda	<ul style="list-style-type: none"> <li>• FY2021 Newly Appointed MD Training</li> <li>• Bursa Malaysia Mandatory Accreditation Programme</li> <li>• AFS Director Risk Management &amp; Compliance Training</li> <li>• AEON Top Seminar</li> <li>• AFS Harassment Training</li> <li>• AEON Director Compliance Training 18<sup>th</sup> January 2022</li> <li>• AEON Group Compliance Training 7<sup>th</sup> February 2022</li> <li>• COC Training</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> </ul>
3	S Sunthara Moorthy A/L S Subramaniam	<ul style="list-style-type: none"> <li>• MIA Audit Committee Conference</li> <li>• Audit Committee &amp; Raised Expectation for IA</li> <li>• MIA Webinar Series: Pre &amp; Post IPO Rules and Key Updates to Listing Requirements</li> <li>• 5<sup>th</sup> Colloquium on Enterprise Value Creation</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> <li>• Cybersecurity Oversight in the Boardroom</li> <li>• Tax Governance: It's Time to Embrace It</li> <li>• IERP Qualified Risk Director Professional Certification Programme</li> </ul>
4	Datuk Adinan bin Maning	<ul style="list-style-type: none"> <li>• MIA Audit Committee Conference</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> <li>• MIA Webinar Series: Pre &amp; Post IPO Rules and Key Updates to Listing Requirements</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

No	Name	Training Attended
5	Datin Khoo Pek Ling	<ul style="list-style-type: none"> <li>• MIA Webinar Series: Pre &amp; Post IPO Rules and Key Updates to Listing Requirements</li> <li>• Briefings on Technical Changes Affecting Financial Reporting</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> <li>• Technical Updates: IFRS</li> <li>• 2022 Budget Seminar</li> </ul>
6	Datin Yasmin Ahmad Merican	<ul style="list-style-type: none"> <li>• MICG - The Law Behind Corporate Governance</li> <li>• Governance in Procurement</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> <li>• IERP Qualified Risk Director Professional Certification Programme</li> </ul>
7	Rashidah binti Abu Bakar	<ul style="list-style-type: none"> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> </ul>
8	Mitsugu Tamai	<ul style="list-style-type: none"> <li>• Bursa Malaysia Mandatory Accreditation Programme</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> </ul>
9	Tomokatsu Yoshitoshi	<ul style="list-style-type: none"> <li>• World Economic Outlook 2021</li> <li>• KPMG Board Agenda 2021</li> <li>• SDGs ESG CSR</li> <li>• PwC Seminar on 2<sup>nd</sup> revision of Corporate Governance Code Japan</li> <li>• Board Effectiveness by ICGJ</li> <li>• Sustainability Diversity and Board Succession</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> </ul>
10	Lee Tyan Jen	<ul style="list-style-type: none"> <li>• MyFintech Week</li> <li>• AEON Top Seminar</li> <li>• AFS Director &amp; Senior Management Risk Management &amp; Compliance Training</li> <li>• FYE2022 Legal Familiarization Refresher Workshop</li> <li>• Sexual Harassment &amp; Power Harassment Training</li> <li>• Compliance Resilience - Emerging Trend and Challenges on AML/CFT</li> </ul>

## STRENGTHENING CORPORATE GOVERNANCE CULTURE

The Group 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 Group's Code of Conduct ("CoC") serves as an ethical standard of behaviour for all AEON constituents (Directors, management and employees), guiding their activities, work approach and daily decisions. The basic principles take into consideration the interests of the Group's customers, shareholders, employees, business partners and the broader community to ensure the Group 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:



**(iii) Whistle-Blowing Policy**

The Group's Whistle-Blowing Policy ("WBP") provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns anonymously and confidentially 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 if ensuing investigations find the concerns valid.

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 channels provided by the Group are as follows:

No	Whistle-Blowing Channel	Designated Recipient	Direct Report
1	<b>Internal Reporting Channel</b> i. Employee Hotline number (+603-2721 8118)  ii. Written report to MD/CEO iii. ACSM Online Portal ( <a href="http://EmployeeHotline/">http://EmployeeHotline/</a> )	Monitoring Group Members (consisting of MD/CEO, ED and EO) and/or Appointed Personnel (Head of HR) assigned to answer the calls  MD/CEO  Access available only to the Monitoring Group Members	Board of Directors
2	<b>External Reporting Channel</b> (Online Portal - Hotline Japan) <a href="http://aeon-ethics.secure.force.com/">http://aeon-ethics.secure.force.com/</a> <i>Note: Misconduct(s) including bribery, false claim, or abuse of power/position issues only</i>	Business Ethics Team, HQ AEON Co., Ltd., Japan	
3	<b>Legal Attorney Hotline</b> <a href="mailto:report_aeonglobal@yglpc.com">report_aeonglobal@yglpc.com</a> <i>Note: Misconduct(s) including bribery, false claim, or abuse of power/position issues only</i>	External legal attorney commissioned by AEON will receive the e-mails and the reported information will be reported to the AEON COC Promotion Officer	
4	Email to: <b>eSID@aeoncredit.com.my</b> <i>Note: For bribery, false claim, or abuse of power/position issues only</i>	i. Senior Independent Director ii. Audit Committee Chairman iii. Chief Risk Officer (CRO)	
5	Send a letter to: <b>Chief Risk Officer</b> 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 <i>Note: For bribery, false claim, or abuse of power/position issues only</i>	Chief Risk Officer	
6	<b>Malaysian Anti-Corruption Commission ("MACC") Website</b> <a href="https://www.sprm.gov.my/">https://www.sprm.gov.my/</a> <i>Note: For bribery, false claim, or abuse of power/position issues only</i>	Malaysian Anti-Corruption Commission ("MACC")	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### (iii) Anti-Bribery Policy

The Anti-Bribery Policy signifies a commitment of the Group in conducting its business with integrity, sincerity and ethically. Anti-bribery programmes are essential components of the Group which specifies requirements and provides guidance to safeguard the Group from bribery risk, in line with AEON's Code of Conduct. In upholding the above commitment, the Group shall:

1. Adopt zero tolerance of all forms of bribery.
2. Comply with and adhere to the provision of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) and other applicable laws and regulations, rules, policies and procedures.
3. Promote an appropriate anti-bribery culture and continual improvement.
4. Uphold the values of transparency and provide whistle-blowing channels to encourage reporting on any bribery and corruption practices in good faith.
5. Establish an independent compliance function to oversee the implementation of anti-bribery programs.

Hence, the Group strictly does not tolerate any act of bribery and corruption and requires all of our business associates (including its employees, directors, agents, representatives and sub-contractors) to be aware and adhere to the provisions related to bribery and corruption. Should there be any act of corruption, bribery, conflicts of interest or similar unethical acts, all parties must disclose this via the appropriate whistle-blowing channels in order to discourage bribery of all forms related to AEON Credit's operations.

### (iv) Gift and Entertainment Policy

In our continued effort to promote business ethics, the Group requires all employees to demonstrate the highest standards of ethics and comply with AEON Code of Conducts when dealing with potential and existing business partners and stakeholders. The Group shall ensure that employees must practice fair treatment, unbiased professionalism, and non-discriminatory actions. It is prohibited to:

- i) accept any form of entertainment and hospitality from business partners;
- ii) accept/offer any kind of cash from/to business partners;
- iii) accept/offer any kind of gift from/to business partners;  
*Note: In the event of gift received from business partners, the respective staff must report to their immediate supervisor and complete the Declaration of Acceptance Form.*
- iv) purchase products from business partners for personal use;

- v) personally receive product sampling from business partners; and
- vi) receive transportation arrangements by business partners.

Under no circumstances may an employee take a gift home. All employees are required to professionally inform the business partners, stakeholders and others of the Gift and Entertainment Policy and request them to respect the Group's policy in not purchasing and delivering any gift to our employees, at any time, for any reason.

### COVID-19 PANDEMIC RISK

The COVID-19 pandemic continued into FYE2022 with resolution not expected in the immediate future. However, the Group has gained much experience over the past year in formulating and executing effective responses to address the various challenges arising to ensure business continuity.

Across FYE2022 there were intermittent Movement Control Orders ("MCO") in various forms to align pandemic curbing measure to the changing risk scenarios. As with the previous year when the pandemic started, the Board continued to strongly support the Management in the various efforts implemented to manage the crisis particularly involving employees, customers, business partners, communities and other stakeholders. The Management on their part diligently kept the Board abreast on crisis management and business continuity measures as well as the efficacy of these measures, recommending and implementing remediations where needed.

The strong relationship and support between the Board and Management has contributed to the agility and effectiveness of the Group's pandemic responses leading to the Group's continuing resilience. This symbiotic relationship has proven crucial for the Group's business continuity and our ability to seamlessly move forward in a risk-managed manner.

### PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

#### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

AEON Credit has instituted a strong and comprehensive system of internal controls to ensure that risks inherent in our business and other emerging risks are appropriately addressed to support the achievement of the Group's goals and objectives. The Board acknowledges the criticality in identifying, mitigating and managing risks arising in our business given its dynamic nature amidst a competitive landscape that is constantly evolving.

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 Group.



The Board fulfills its responsibilities in the risk governance and oversight functions through the BRC in order to manage the overall risk exposure of the Group.

The AC regularly evaluates the adequacy and effectiveness of the Group's system of internal controls through reviewing internal audit reports prepared by the Internal Audit Division and discussing major findings therein as well as independently and critically assessing the associated Management responses.

The Board is of the view that the systems of internal control and risk management in place during the financial year under review, in addition to being sound, are functioning effectively and as intended to safeguard the Group's assets as well as shareholders' investments and the interests of stakeholders.

## BOARD RISK COMMITTEE

The BRC was established to assist the Board in discharging its governance and oversight responsibilities for risk management. The BRC's core responsibility covers reviewing the adequacy and effectiveness of risk management strategies, risk tolerance, risk management framework, processes and practices. The BRC is also responsible to review sustainability related matters, including the Sustainability Framework, material sustainability risks, material sustainability matters, sustainability performance and reporting.

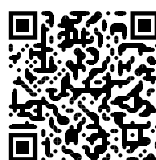
The BRC has the following authority as empowered by the Board:

- i. Investigate any matter within its terms of reference.
- ii. Seek any information it requires from employees who are required to cooperate with any request made by Committee.
- iii. Full and unrestricted access to any information pertaining to the Group.
- iv. Direct communication channels with internal and external auditors and with top management of the Group.
- v. Adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group.
- vi. 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 BRC Chairman engages on a continuous basis with the Chairman of the Board and Management including the MD, Chief Risk Officer in order to be kept informed of matters affecting the Group.

On an annual basis, a private session will be held between BRC and Chief Risk Officer, without the presence of any Management members including the MD or any executive member of the Board, to discuss any sensitive issues independently, transparently and objectively.

The BRC comprises three (3) Independent Non-Executive Directors. The composition, authority as well as the duties and responsibilities of the BRC are set out under its TOR as approved by the Board. This TOR is available on the Company's website under Terms of Reference section at <https://www.aeoncredit.com.my/aeoncorporate/corporate-governance> or scan the QR Code below:



Reviews of the BRC composition and performance are conducted annually and subject to approval by the Board. During the year under review, the Board, via the NC, performed the annual assessment on the term of office and performance of the BRC and each of its members. The Board was satisfied that the BRC and each of its members have discharged their responsibilities and duties in accordance with the BRC's TOR.

The BRC meets at least four (4) times a year and additional meetings may be called by the BRC Chairman if necessary.

Five (5) BRC meetings were held in FYE2022. Details of the BRC members' meeting attendance during FYE2022 are set out below:

Name of Director	Designation/ Directorate	Attendance
Datuk Adinan bin Maning	Chairman/Senior Independent Non-Executive Director	4/5 <sup>(1)</sup>
Datin Khoo Pek Ling	Member/ Independent Non-Executive Director	5/5
Rashidah binti Abu Bakar	Member/ Independent Non-Executive Director	5/5

<sup>(1)</sup> Unable to attend 1 meeting due to medical reason.



The details of BRC activities in FYE2022 are set out in the Board Risk Committee Report on pages 94 to 95 of this Integrated Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## AUDIT COMMITTEE

The AC is established by the Board to assist in fulfilling their statutory and fiduciary responsibilities of overseeing, monitoring and assessing the reliability of the Group's financial management, accounting processes, financial reporting practices and system of internal controls. Additionally, the AC is responsible for assessing the independence and effectiveness of both external and internal audit functions as well as providing direction, governing and overseeing these functions on behalf of the Board.

The AC comprise three (3) members all of whom are Independent Non-Executive Directors, which accords to and complies with the MCCG. The AC composition also complies with the requirements of Paragraphs 15.09 and 15.10 of the MMLR of Bursa Securities, which prescribes:

- (i) the AC must be composed of not fewer than three (3) members, all of whom must be non-executive directors;
- (ii) the AC Chairman and a majority of the members are independent directors;
- (iii) at least one (1) AC member must be a member of the Malaysian Institute of Accountants ("MIA"); and
- (iv) no alternate director is appointed as a member of the AC.

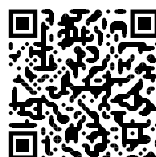
The AC's TOR prescribes that for the engagement of a former partner of the external audit firm of the Group as member of the AC, there must be a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Chairman of the AC, S Sunthara Moorthy A/L S Subramaniam is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant member of the MIA. Datin Khoo Pek Ling is also a member of the MIA.

The AC Chairman is appointed by the Board and is not the Chairman of the Board. Having different individuals chair the Board and AC enhances the independence and objectivity and accommodates review by the Board of the AC's findings and recommendations objectively. The AC Chairman, S Sunthara Moorthy A/L S Subramaniam and all AC members are financially literate and collectively, they possess a wealth of relevant skills, knowledge and experience to support the effective discharge of their duties.

Reviews of the AC composition and performance are conducted annually and subject to approval by the Board. During the year under review, the Board, via the NC, 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 was satisfied that the AC and each of its members have discharged their responsibilities and duties in accordance with the AC's TOR.

The responsibilities and duties of the AC as prescribed in the TOR are periodically reviewed, the last review being 28 September 2021. The reviewed TOR received Board approval on 27 October 2021. The AC TOR is available on 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) AC meetings and four (4) Special AC meetings were held during FYE2022. Details of the AC members' meeting attendance during FYE2022 are set out below:

Name of Director	Designation/ Directorate	Total
S Sunthara Moorthy A/L S Subramaniam	Chairman/ Independent Non-Executive Director	8/8
Datuk Adinan bin Maning	Member/Senior Independent Non-Executive Director	6/8 <sup>(1)</sup>
Datin Khoo Pek Ling	Member/ Independent Non-Executive Director	8/8

<sup>(1)</sup> Unable to attend 2 meetings due to medical reason and overseas engagement.

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

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



The details of AC activities in FYE2022 are set out in the Audit Committee Report on pages 90 to 93 of this Integrated Annual Report.

## PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### COMMUNICATION WITH STAKEHOLDERS

AEON Credit 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 information. The Group continuously discloses and disseminates comprehensive and relevant material information to the public through various channels to keep its shareholders and stakeholders informed of its business activities, strategies, financial performance and other topics that warrant their attention. This would enable the stakeholders to make informed decisions as well as for shareholders to exercise their rights.

AEON Credit actively engages with stakeholders through various platforms, amongst others:

- (i) The Company's website ([www.aeoncredit.com.my](http://www.aeoncredit.com.my)) where updated information on the Announcements, Integrated Annual Report, Board Charter, Code of Conduct and Whistle-Blowing channels, and other pertinent information, may be accessed;
- (ii) Announcements to Bursa Securities on the quarterly/ annual financial performance and corporate developments in the Group;
- (iii) Meetings, engagements and participation in events involving regulators, industry associations, business partners, merchants, segments of local community, etc.;
- (iv) Updates of the Group's activities, product launches and significant corporate announcements 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 Group;
- (vi) Engagement with shareholders during the Company's general meeting; and
- (vii) A dedicated investor relations e-mail contact which is available at [ir\\_info@aeoncredit.com.my](mailto: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 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 safety measures, the 24<sup>th</sup> AGM of the Company was conducted virtually on 23 June 2021 through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. All Directors were present at the 24<sup>th</sup> AGM either physically or virtually to engage with shareholders and address issues of concern raised by the shareholders.

The Chairman and MD delivered separate presentations to shareholders on various pertinent topics including the Company's performance review, dividend payout, prospects as well as the AEON Credit's on-going digital transformation while the CFO delivered a brief presentation which covered the Company's financial performance for the FYE2021, strategies and an overview of sustainability activities. The CFO also responded to clarifications sought by the Minority Shareholder Watch Group ("MSWG") that were requested prior to the 24<sup>th</sup> AGM.

The Chairman, MD and CFO responded to clarifications and feedback from shareholders during the virtual 24<sup>th</sup> AGM. The meeting minutes was published on AEON Credit's corporate website at [www.aeoncredit.com.my](http://www.aeoncredit.com.my) within 30 business days from the 24<sup>th</sup> AGM.

### KEY FOCUS AND FUTURE PRIORITIES

The Board will continue its efforts in raising the bar on the Group'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 enhancing 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 10 May 2022.

## 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 of three (3) members, all of whom are Independent Non-Executive Directors.

The AC composition meets the requirement of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which sets 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 AC Chairman, S Sunthara Moorthy A/L S Subramaniam and Datin Khoo Pek Ling are members of the Malaysian Institute of Accountants. The AC composition also meets the requirement sets out in Practice 9.4 (Step Up) under Principle B of the revised Malaysian Code on Corporate Governance ("MCCG") that the AC should comprise solely of independent directors.

During the financial year ended 28 February 2022, the AC convened eight (8) meetings with four (4) scheduled quarterly meetings held on 31 March 2021, 29 June 2021, 21 September 2021 and 15 December 2021, and four (4) special meetings held on 19 April 2021, 17 June 2021, 27 October 2021 and 25 January 2022. 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
<b>S Sunthara Moorthy A/L S Subramaniam</b> Chairman, Independent Non-Executive Director	8	8
<b>Datuk Adinan bin Maning</b> Member, Senior Independent Non-Executive Director	8	6 <sup>(1)</sup>
<b>Datin Khoo Pek Ling</b> Member, Independent Non-Executive Director	8	8

<sup>(1)</sup> Unable to attend 2 meetings due to medical reason and overseas engagement.

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 require their input.

During the year under review, the Board, through the Nominating Committee had on 4 May 2021, 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 by AC on 21 September 2021 and approved by the Board on 28 September 2021. Terms of Reference of the AC is accessible for viewing on the Company's corporate website at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance>.

The AC Chairman 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

The AC in discharging its functions and duties as set out in its Terms of Reference had carried out the following main activities:

### 1. Financial Statements and Reporting

- a) At the scheduled quarterly AC Meetings, reviewed and discussed with Management, the unaudited quarterly financial results before recommending the same to the Board for consideration and approval for release to Bursa Securities.
- b) At the Special AC Meeting held on 19 April 2021, reviewed the Audited Financial Statements of the Company for the financial year ended 28 February 2021 and key audit matter raised by the External Auditors, Messrs. Deloitte PLT prior to its recommendation to the Board for consideration and approval.

The AC had also reviewed the unaudited financial results for the fourth quarter ended 28 February 2022 at the AC Meeting held on 29 March 2022 and the Audited Financial Statements of the Group and of the Company for the financial year ended 28 February 2022 at the Special AC Meeting held on 20 April 2022.

### 2. External Audit

- a) Reviewed and deliberated report issued by Messrs. Deloitte PLT, on audit findings and remedial actions to be taken by Management to address the issues raised arising from the statutory audit at the AC Meeting held on 31 March 2021.
- b) Reviewed and deliberated on the progress of remedial measures taken to address the findings reported in the Management Letter issued by Messrs. Deloitte PLT in connection with the audit for the financial year ended 28 February 2021 at the AC Meeting held on 29 June 2021.
- c) At the Special AC Meeting held on 19 April 2021, reviewed and deliberated the Independent Auditors' Limited Assurance Report issued by Messrs. Deloitte PLT 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.
- d) At the Special AC Meeting held on 19 April 2021, reviewed and recommended to the Board on the re-appointment of the External Auditors, Messrs. Deloitte PLT for the financial year ended 28 February 2022.
- e) At the Special AC Meeting held on 19 April 2021, reviewed and recommended to the Board for consideration the proposed audit and non-audit fees for the External Auditors, Messrs. Deloitte PLT in respect of the statutory audit and other non-audit services.

- f) Reviewed and discussed with the External Auditors, Messrs. Deloitte PLT on their terms of engagement, proposed audit remuneration and audit plan setting out the proposed scope of work prior to commencement of the audit for the financial year ended 28 February 2022.
- g) During the financial year, the AC had two (2) private sessions with the Engagement Partner of Messrs. Deloitte PLT on 31 March 2021 and 15 December 2021 to discuss any issues or significant matters in relation to their work without the presence of the Executive Board members, Management and Internal Auditors. This is to ensure that the External Auditors can freely discuss and express their opinions on any matter to the AC and the AC can sufficiently be assured that the External Auditors have been fully provided with all relevant information and responses to all queries from the Management.

### 3. Internal Audit

- a) Pursuant to the updated MCCG, reviewed and approved the revised Internal Audit Division's Internal Audit Charter for adoption at the AC Meeting held on 29 June 2021.
- b) At the AC Meeting held on 21 September 2021, reviewed and approved the Internal Audit Policy and Charter for the Group for adoption after the completion of acquisition of the 100% shareholding in the insurance broking company, Insurepro Sdn. Bhd.
- c) At the scheduled quarterly AC Meetings, reviewed and deliberated the internal audit reports, which highlighted the audit issues, root cause and recommendations as well as the Management's action plan thereto, to ensure that appropriate actions had been taken to address the issues raised.
- d) Reviewed the status report on the progress of remedial actions taken or to be taken to resolve the outstanding audit issues along with the implementation status of the Management's remedial actions at the scheduled quarterly AC meetings, to ensure that the remedial measures are implemented promptly and appropriately.
- e) 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.

## AUDIT COMMITTEE REPORT

- f) During the financial year, the AC had two (2) private sessions with the Head of Internal Audit Division on 31 March 2021 and 15 December 2021 without the presence of the Executive Board members and Management to discuss any issues or significant matters which the Head of Internal Audit Division wished to raise.
- g) Reviewed and deliberated the Quality Review Report issued by Management Audit Department, AEON Financial Service Co., Ltd. pursuant to its quality review and assessment on the work done by Internal Audit Division on monthly finance and cash audits at the AC Meeting held on 21 September 2021.
- h) At the AC Meeting held on 15 December 2021, reviewed and approved the Annual Audit Plan of the Internal Audit Division for the financial year ending 28 February 2023, to ensure the adequacy of the scope, coverage of work and the resource requirements of the Internal Audit function to perform its work to address risk areas identified.

### 4. Related Party Transactions

- a) Reviewed the report on recurrent related party transactions at the scheduled quarterly AC Meetings taking into account the nature and amount of the transactions in ensuring that the transactions were conducted at arm's length basis and on normal commercial terms, and not detrimental to the interests of the minority shareholders and are in the best interests of the Company.
- b) Reviewed the annual circular to shareholders in respect of the proposed renewal and new Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature, which were necessary for the day-to-day operations and recommended the same to the Board for consideration prior to obtaining the approval from the Shareholders.
- c) Reviewed the proposed related party transaction in relation to the proposed joint venture in procuring the digital bank licence and the formation of a digital bank in Malaysia.

### 5. Internal Control Over Financial Reporting ("Japanese Sarbanes-Oxley" or "J-SOX")

- a) Reviewed and deliberated J-SOX Internal Control Audit Report for the financial year ended 28 February 2021 issued by Messrs. Deloitte PLT on the findings and Management's action plan to address the issues raised arising from the independent assessment on the effectiveness of the entity's internal control over financial reporting, which covered the areas of Entity Level Control, Financial Closing Reporting Process, Process Level Control and General IT Control.

### 6. Annual Report

- a) Reviewed and recommended for Board's approval, the AC Report, Statement on Risk Management and Internal Control, and Directors' Responsibility Statement in relation to the Audited Financial Statements for inclusion in the Integrated Annual Report for year 2021.

### 7. Other Matters

- a) Deliberated the Supervisory Review Report issued by Bank Negara Malaysia and reviewed with Management the Management's response to the supervisory concerns and areas for improvements as well as the remedial actions taken or to be taken and the committed timeline to rectify the gaps highlighted.
- b) Reviewed the proposals presented by Management on the declaration and distributions of interim and final dividends to shareholders, taking into consideration the solvency tests performed by Management before recommending such proposals to the Board for consideration.
- c) Reviewed with Management the proposed revision to the Accounting Policy and the proposed Treatment of Written-off Account Policy, and recommended the same to the Board for consideration and approval.
- d) Reviewed and considered proposed revisions made to the AC's Terms of Reference for the Board's approval.
- e) Discussed with Management and recommended to the Board for approval of the engagement of the external consultants to render the following services:
  - Conduct of independent external review for Digital Bank licence application;
  - Provision of Malaysian Financial Reporting Standard ("MFRS") 9 – Financial Instrument Post-Implementation Technical Advisory Support; and
  - Provision of transfer pricing services to carry out transfer pricing study and review.
- f) Reviewed and recommended to the Board for approval the following proposals for the insurance broking business:
  - Change of financial year end for Insurepro Sdn Bhd; and
  - Change of Auditors and Tax Agent for Insurepro Sdn Bhd.



## 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 risk management, internal control, anti-corruption, whistle-blowing and governance processes implemented by 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 audit objectivity and 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. During the year under review, the Head of Internal Audit and all internal auditors have confirmed to the AC in December 2021 via the annual declaration that they were free from any relationships or conflict of interest which could impair their objectivity and independence in their audit engagements.

Internal Audit's scope of coverage encompassed all business and support units. In relation to this, all auditable areas were risk ranked using risk-based audit planning methodology to prioritise the audit work and to scope the audits on high risk auditable areas. These were guided and defined in the Annual Audit Plan for the financial year ended 28 February 2022, which was approved by the AC in December 2020.

During the year under review, the Internal Audit Division conducted the internal audit engagements in accordance with the approved Annual Audit Plan to review the adequacy and effectiveness of the risk management, internal control, anti-corruption, whistle-blowing and governance processes implemented by Management as well as to evaluate compliance with relevant policies, procedures and regulations, which encompassed auditing the Group's business and support functions (including the regional offices and branches), information systems, IT operations & security, J-SOX assessment and Outsourced Service Providers. Accordingly, the Internal Audit Division also reviewed the recurrent related party transactions on a quarterly basis, and participated as an independent observer during the Business Continuity Plan test, Disaster Recovery Plan tests, and Cyber Security Drill Exercise carried out by the Group during the year under review.

Other key focus areas audited by Internal Audit Division during the year under review included the following:

- Conducted compliance reviews based on policy documents and guidelines issued by the regulatory authority on areas such as Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT), management of customer information & permitted disclosure, managing risk associated with payment instruments, product transparency & disclosure, credit card, e-money and payment card reform framework.
- Performed thematic internal audit reviews on areas such as Anti-Bribery Management System (ISO37001:2016), Information Security Management System (ISO27001:2013), Quality Management System (ISO9001:2015) and Environmental Management System (ISO14001:2015).

Control deficiencies/gaps and areas for improvements 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 audit issues. Internal Audit Division also tabled the audit issues, root cause 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 Group for review and deliberation.

Internal Audit Reports arising from the audits and reviews conducted by Internal Audit Division and the progress of actions taken or to be taken to resolve the issues, were tabled to the AC for review and deliberation at the scheduled AC Meetings held on 31 March 2021, 29 June 2021, 21 September 2021 and 15 December 2021. The relevant Managements of the operating units are responsible to ensure that remedial measures are taken on reported audit issues 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 RM2,270,000 (FYE2021: RM2,045,000).

# 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 Group Risk Management framework.

## COMPOSITION AND MEETING ATTENDANCE

The Committee is appointed by the Board, and all its members are independent 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 FYE 2022, five (5) 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
<b>Datuk Adinan bin Maning</b> Chairman/Senior Independent Non-Executive Director	5	4 <sup>(1)</sup>
<b>Datin Khoo Pek Ling</b> Member/Independent Non-Executive Director	5	5
<b>Rashidah binti Abu Bakar</b> Member/Independent Non-Executive Director	5	5

<sup>(1)</sup> Unable to attend 1 meeting due to medical reason.

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 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.

## SUMMARY OF BRC ACTIVITIES DURING THE FYE 2022

For the FYE 2022, 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:

- Reviewed the quarterly risk management report of the Group.
- Reviewed and recommended the proposed revisions made to the BRC's Terms of Reference to the Board for approval.
- Reviewed and recommended the proposed adoption and revisions of the risk and compliance related framework and policies to Board for approval.
- Reviewed and deliberated market/environment and emerging risks.
- Reviewed and discussed legal and compliance matters.

- f. Discussed matters arising from risk management and compliance reports and resolutions of matters addressed.
- g. Deliberated on the Bank Negara Malaysia's supervisory assessment.
- h. Reviewed the money lending operation of the Company and the release of the necessary announcements.
- i. Reviewed the relevant statements and reports for the inclusion in the Integrated Annual Report 2021.

## RESPONSIBILITIES

### Risk Management

- Assess the Group 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 Group Risk Management Framework, monitor principal risks that affects the Group and ensure that the evaluation of risk management and mitigation measures are in place in order to safeguard shareholders' investments and the Group's assets.
- Conduct annual review on the adequacy and effectiveness of risk management process.
- Review the Group stress test procedures including test 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 Group Business Continuity Management Framework and policy for dealing with extreme internal/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, transfer and dismissal of the Chief Risk Officer as well as to evaluate the performance of the risk management function.
- Review the following statement and reports for inclusion in the Integrated Annual Report:
  - Board Risk Committee Report
  - Statement on Risk Management and Internal Control
  - Sustainability Statement
  - Corporate Governance Overview Statement
  - Review the Corporate Governance Report

### Compliance

- Review and approve compliance framework and policies.
- Discuss and deliberate compliance risk issues regularly to ensure the issues are resolved effectively and in timely manner.
- Evaluate the effectiveness of the Group 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 sustainability risk, material matters, sustainability performance and reporting.
- Carry out such other assignments as may be agreed upon or delegated by the Board.
- Review Integrated Annual Report prior to Board's Approval.
- Review subsidiary's risk and compliance issues.
- Provide reasonable oversight over the implementation and effectiveness of the Group's Anti-Corruption 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 Group.
- d. Direct communication channels with internal and external auditors and with senior management of the Group.
- e. Adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group.
- 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 and Chief Risk Officer in order to be kept informed of matters affecting the Group.

### PERFORMANCE

On an annual basis, the Board via the Nominating Committee will review and evaluate the terms of office and 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 Integrated Annual Report. This Statement, which outlines the nature and the main key features of risk management and internal control systems within AEON Credit Service (M) Berhad and its subsidiary ("the Group") for the financial year ended 28 February 2022 ("FYE2022"), has been prepared in accordance to:

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

## Board Responsibilities

The Board is responsible for reviewing and approving the Group's overall risk strategy, including risk appetite, risk tolerance and overseeing its implementation to support the sustainability initiatives of the Group. The Board also acknowledges the presence of a sound internal control systems 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 processes in place to identify, evaluate and manage significant or emerging risks that could derail the Group's aim in meeting its objectives.

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

In acknowledging that having a sound risk management and internal control systems are crucial, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Group. For this, the Board is assisted by the Audit Committee ("AC") and Board Risk Committee ("BRC") to provide primary oversight responsibilities on the Group's risk management and internal control activities. 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 FYE2022, five (5) BRC meetings were conducted with the purpose of overseeing the Group's risk and compliance particularly on the adequacy and effectiveness of risk management and compliance processes. The BRC is also responsible to review the Group's sustainability related matters, including Sustainability Framework, material matters covering Environmental, Social and Governance ("ESG") risks, and sustainability reporting. For more details on the function of the BRC, please refer to BRC Report on page 94.

## Management Responsibilities

The Management's overall responsibility is to assist the Board in implementing the Group'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 Group 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 Group 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 Group'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 Group's risk management and internal control systems are operating adequately and effectively in all material aspects with the necessary processes being implemented.

## 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 systems include the following:

### Risk Management

The Enterprise Risk Management Framework ("ERMF") has become an important driver to address the risks the Group inevitably faces in delivering its strategies while balancing the appropriate level of risk taken without exposing itself to unacceptable potential losses or reputational damage. The ERMF has strengthened the risk management practices through integration of ERMF with business practices for better decision making and ultimately enhance business performance to preserve the Group's long-term value.

The key features of the ERMF include:

### **Risk Appetite**

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

The Group's risk appetite is an integral component of the Group'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 processes to ensure a uniformed view of risk across the Group.

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

#### **1<sup>st</sup> Line of Defence – Risk Taking**

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

#### **2<sup>nd</sup> Line of Defence – Risk Controlling**

The second line of defence supports Senior Management by monitoring and reviewing the first line of defence 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 processes.

#### **3<sup>rd</sup> Line of Defence – Assurance Party**

The third line of defence 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 Group, which includes the Chief Risk Officer 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 Group. Any new or amended 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.

During the financial year, the Group has continuously reviewed and revised relevant policies in order to strengthen the overall governance. A key revision was made for Anti-Money Laundering & Counter Financing of Terrorism ("AML/CFT") Policy and Compliance Framework. In accordance to the Policy Document of AML/CFT issued by Bank Negara Malaysia, the Group has appointed a Compliance Officer at Management level to oversee AML/CFT related matters. The role and responsibility of the appointed Compliance Officer have been stated accordingly in the AML/CFT Policy and Compliance Framework.

In FYE2022, the Group has obtained recertification on Integrated Management System ("IMS") which is a combination of ISO 9001:2015 Quality Management System, ISO/IEC 27001:2013 Information Security Management System ("ISMS") and ISO 14001:2015 Environmental Management System ("EMS") into one coherent system. The IMS certification is evident that the Group aims to integrate quality, information security and environmental management responsibilities while ensuring that the processes are seamlessly managed and executed.

The Group has established various Management Committees and Meetings to assist and support the Board. Generally, there are two (2) meeting categories which are the Board Level Meeting and the Company Level Meeting. The Board Level Meeting is supported by four (4) committees whereas the Company Level Meeting is supported by twelve (12) committees and meetings. The committees have specific roles and mandates to provide comprehensive oversight and controls functions within the Group.

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 Group to identify any significant impact on internal controls and financial reporting. In addition, on annual basis, the Company has engaged Messrs. Deloitte PLT 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.

The 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As part of the risk and compliance culture, the Group has instilled a culture where the Board, Management and all employees of the Group 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.

### 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 RMC 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 Group, through the RMC, 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 Systems

The Board is responsible for managing the key business risks of the Group and implementing an appropriate internal control systems 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 Group'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 staff.
- 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 Group.
- The Group has in place written operating procedures in various areas of operations, which also incorporate risk management issues and 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 as to the accuracy of financial information, non-financial disclosures, the Group's compliance with applicable laws and regulations, and the effectiveness of the internal control systems. 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 Group's assets and stakeholders' interests.



### 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 risk management, internal control, anti-corruption, whistle-blowing and governance, processes implemented by Management. The Internal Audit Division adopts a risk-based audit methodology to plan and prioritise audit work focusing on high risk areas, which encompassed auditing the Group's business and support functions, information systems, IT operations & security, J-SOX assessment and 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 provides recommendations to improve the management of risks, control, anti-corruption, whistle-blowing and governance processes. The AC regularly reviews the status of rectification actions on the findings or recommendations by the Internal Audit.

**MORE** For more details on the function of the Internal Audit Division, please refer to page 93, Audit Committee Report.

### Assessment of Risk Management and Internal Control Systems

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems. The Board has received assurance from the Managing Director and the Chief Financial Officer who represent the Management Team of the Group that the Group's risk management and internal control systems, 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 Group.

### Review of Statement by External Auditors

According to Paragraph 15.23 of the MMLR of Bursa Securities this Statement has been reviewed by external auditors for the financial year ended 28 February 2022. 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 Group's risk management and internal control systems. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that had caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

## 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, the International Financial Reporting Standards, the requirements of the CA and the MMLR of Bursa Securities.

The Directors are responsible to ensure that the financial statements of the Group and 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 Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and 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 Group and 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 Group and 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 2022 to the External Auditors and a firm or corporation affiliated to the External Auditors are set out below:

	Group RM'000	Company RM'000
Audit fees		
- Statutory audit	333	300
- Compliance and related service	120	120
<b>Total</b>	<b>453</b>	<b>420</b>
Non-audit fees		
- Statement on Risk Management and Internal Control review	10	10
- Regulatory reporting review	30	30
- Digital bank financial projection assurance service	120	120
<b>Total</b>	<b>160</b>	<b>160</b>

### 3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

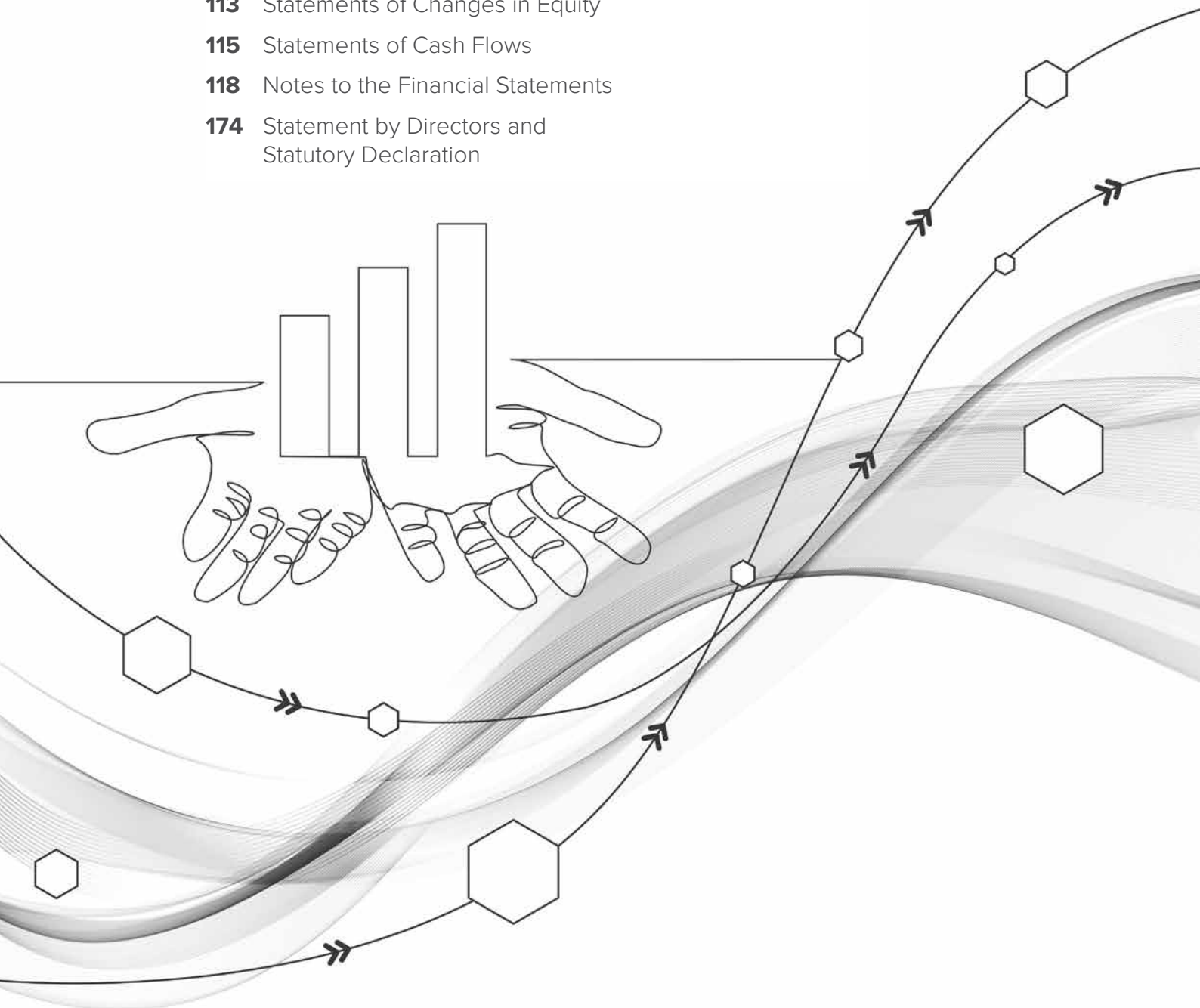
There were no proceeds raised from corporate proposals during the financial year.

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

At the Twenty-Fourth (24<sup>th</sup>) Annual General Meeting ("AGM") held on Wednesday, 23 June 2021, 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 2022 is set out on page 151 to 153 of the IAR.

# Financial Statements

- 103** Directors' Report
- 107** Independent Auditors' Report
- 110** Statements of Financial Position
- 112** Statements of Profit or Loss  
and Other Comprehensive Income
- 113** Statements of Changes in Equity
- 115** Statements of Cash Flows
- 118** Notes to the Financial Statements
- 174** Statement by Directors and  
Statutory Declaration



## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2022.

### 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.

The details of the subsidiary company are disclosed in Note 7 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	365,419	362,714

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### 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 28 February 2021:	
- Final single-tier dividend of 20.00 sen per ordinary share, paid on 15 July 2021	51,062
In respect of the financial year ended 28 February 2022:	
- Interim single-tier dividend of 28.50 sen per ordinary share, paid on 3 November 2021	72,763
Total	123,825

The Directors have proposed a final single-tier dividend of 15.00 sen per ordinary share and a special single-tier dividend of 5.00 sen per ordinary share, amounting to RM38,296,000 and RM12,766,000 respectively computed based on the issued and paid-up capital in the Company of 255,307,690 ordinary shares in respect of the current financial year.

The proposed final single-tier dividend and the special single-tier 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 single-tier dividend and the special single-tier dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 28 February 2023.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year.

There was no issuance of debentures during the financial year.

### 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' REPORT

### DIRECTORS

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

Ng Eng Kiat  
Daisuke Maeda (appointed on 23 June 2021)  
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  
Mitsugu Tamai (appointed on 23 June 2021)  
Lee Tyan Jen  
Yuro Kisaka (retired on 23 June 2021)  
Dato' Md Kamal bin Ismaun (retired on 23 June 2021)  
Masaaki Mangetsu (retired on 23 June 2021)

The names of the directors of the Company's subsidiary (excluding Directors who are also Directors of the Company) in office during the financial year and for the period from the end of the financial year to the date of this report are:

Chen Heng Guan (appointed on 1 October 2021)  
Lee Kit Seong (appointed on 1 October 2021)  
Lee Siew Tee (appointed on 1 October 2021)  
Raja Zailan Putra bin Raja Azam (appointed on 1 November 2021)  
Datuk Haji Mohammad Tufail bin Mahmud (resigned on 2 October 2021)  
Hajjah Zaleha binti Mahmud (resigned on 2 October 2021)  
Puan Sri Datin Amar Hajjah Fredahanam binti Mahmud (resigned on 2 October 2021)  
Tan Sri Datuk Amar Haji Abdul Aziz bin Dato Haji Hussain (resigned on 2 October 2021)

### 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 of the Company were as follows:

	At 1.3.2021	Number of ordinary shares		At 28.2.2022
		Bought	Sold	
<b>Direct interest:</b>				
Ng Eng Kiat	21,321	-	-	21,321
Datin Yasmin Ahmad Merican	20,000	-	-	20,000
Lee Tyan Jen	42,257	-	-	42,257

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' 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 27 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/she 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.



## DIRECTORS' REPORT

### 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements of the Group and 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 Group and 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 Group and of the Company which has arisen since the end of the financial year.

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 Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

- (i) the results of the Group's and 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; 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 Group and 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 was no indemnity given to, nor insurance effected for auditors of the Company during the financial year.

## DIRECTORS' REPORT

### 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 2022 is as disclosed in Note 27 to the financial statements.

### SIGNIFICANT SUBSEQUENT EVENT

The significant event subsequent to the end of the financial year is disclosed in Note 38 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**

**DAISUKE MAEDA**

Kuala Lumpur  
10 May 2022

# 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 statements of financial position of the Group and of the Company as at 28 February 2022, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 110 to 173.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2022, and of their financial performance and their 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 Group and 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 Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our audit performed and responses thereon
<p><i>Impairment of financing receivables</i></p> <p>As at 28 February 2022, financing receivables stand at RM9,101,111,000 (2021: RM9,236,046,000) representing 89.7% (2021: 90.3%) of total assets of the Group and 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 key sources of estimation uncertainty in Note 4, the disclosure of financing receivables in Note 11 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>With the involvement of financial risk specialists, we have:</p> <ul style="list-style-type: none"> <li>assessed whether the Group's and 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 Group and the Company in the ECL model to address the requirements of MFRS 9 such as criteria for significant deterioration in credit quality, time value of money, forward-looking macroeconomic factors and probability-weighted multiple scenarios;</li> <li>recomputed the Group's and the Company's impairment based on the ECL model and compared against the impairment of financing receivables recorded by the Group and the Company;</li> <li>assessed the reasonableness and tested the identification and calculation of the overlay adjustments to the ECL due to the impact of COVID-19; and</li> <li>verified the inputs into the ECL model developed to ensure accuracy and completeness.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD  
(Incorporated in Malaysia)

### 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 Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and 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 Group and 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 Group and 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.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and 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 Group or 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 Group and 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 Group's and 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 Group's or 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 Group and 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 Group and the Company to cease to continue as a going concern.

**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)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group and 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**

10 May 2022

**STATEMENTS OF FINANCIAL POSITION**

AS AT 28 FEBRUARY 2022

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Plant and equipment	5	144,289	144,261	137,843
Right-of-use assets	6	44,678	44,630	53,535
Investment in a subsidiary company	7	-	489	-
Other investments	8	25,725	25,725	27,645
Goodwill on consolidation	9	511	-	-
Deferred tax assets	10	211,797	211,171	247,816
Financing receivables	11	6,170,956	6,170,956	6,302,925
<b>Total Non-current Assets</b>		<b>6,597,956</b>	<b>6,597,232</b>	6,769,764
<b>Current Assets</b>				
Financing receivables	11	2,930,155	2,930,155	2,933,121
Trade receivables	12	1,508	-	-
Other receivables, deposits and prepayments	13	56,998	56,962	63,375
Amount owing by related companies	30	19,235	19,235	25,612
Derivative financial assets	14	26,057	26,057	-
Tax recoverable		5	-	-
Cash, bank balances and deposits	15	508,960	507,541	439,549
<b>Total Current Assets</b>		<b>3,542,918</b>	<b>3,539,950</b>	3,461,657
<b>TOTAL ASSETS</b>		<b>10,140,874</b>	<b>10,137,182</b>	10,231,421



STATEMENTS OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2022

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	16	584,012	584,012	584,012
Hedging reserve	17	(49,199)	(49,199)	(128,262)
Fair value reserve	18	4,062	4,062	6,517
Retained earnings	19	1,462,411	1,459,706	1,230,925
<b>Equity attributable to ordinary equity holders of the Company</b>				
Perpetual notes and sukuk	20	200,000	200,000	200,000
<b>Total Equity</b>		<b>2,201,286</b>	<b>2,198,581</b>	1,893,192
<b>Non-current Liabilities</b>				
Borrowings	21	6,791,891	6,791,891	6,542,946
Lease liabilities	6	26,797	26,797	35,801
<b>Total Non-current Liabilities</b>		<b>6,818,688</b>	<b>6,818,688</b>	6,578,747
<b>Current Liabilities</b>				
Borrowings	21	598,605	598,605	1,119,964
Trade payables	22	26,148	24,331	21,163
Other payables and accruals	23	364,513	364,334	226,847
Amount owing to immediate holding company	30	7,731	7,731	6,586
Amount owing to related companies	30	4,842	4,842	20,267
Amount owing to a subsidiary company	30	-	1,060	-
Derivative financial liabilities	14	69,655	69,655	281,903
Lease liabilities	6	18,941	18,890	18,230
Tax liabilities		30,465	30,465	64,522
<b>Total Current Liabilities</b>		<b>1,120,900</b>	<b>1,119,913</b>	1,759,482
<b>Total Liabilities</b>		<b>7,939,588</b>	<b>7,938,601</b>	8,338,229
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,140,874</b>	<b>10,137,182</b>	10,231,421

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Interest income, profit revenue and finance charges		1,371,385	1,371,385	1,403,762
Fee income		153,495	149,641	157,898
<b>Revenue</b>	24	<b>1,524,880</b>	<b>1,521,026</b>	1,561,660
Staff costs	25	(226,842)	(226,012)	(198,002)
Depreciation of plant and equipment		(47,100)	(47,096)	(49,083)
Operating expenses		(660,404)	(660,335)	(625,502)
Reversal/(Allowance) for impairment loss on financing receivables		85,815	85,815	(151,577)
Other income		181,357	182,226	145,284
<b>Profit from operations</b>		<b>857,706</b>	<b>855,624</b>	682,780
Finance cost	26	(330,886)	(330,883)	(357,873)
<b>Profit before tax</b>	27	<b>526,820</b>	<b>524,741</b>	324,907
Taxation	28	(161,401)	(162,027)	(90,950)
<b>Profit for the financial year</b>		<b>365,419</b>	<b>362,714</b>	233,957
<b>Other comprehensive income/(loss), net of tax</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Net changes in cash flow hedge		79,063	79,063	(12,392)
<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	8	(2,455)	(2,455)	(21,054)
<b>Total other comprehensive income/(loss) for the financial year</b>		<b>76,608</b>	<b>76,608</b>	(33,446)
<b>Total comprehensive income for the financial year</b>		<b>442,027</b>	<b>439,322</b>	200,511
<b>Profit attributable to equity holders of the Company</b>		<b>365,419</b>	<b>362,714</b>	233,957
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>442,027</b>	<b>439,322</b>	200,511
<b>Earnings per ordinary share attributable to owners of the Company (sen)</b>				
Basic	29	139.17	138.11	87.67

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

Group	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 March 2021		584,012	200,000	(128,262)	6,517	1,230,925	1,893,192
Cash flow hedge, net of tax		-	-	79,063	-	-	79,063
Fair value through other comprehensive income		-	-	-	(2,455)	-	(2,455)
Profit for the year		-	-	-	-	365,419	365,419
<b>Total comprehensive income/ (loss) for the year</b>		-	-	79,063	(2,455)	365,419	442,027
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,108)	(10,108)
Dividends	31	-	-	-	-	(123,825)	(123,825)
At 28 February 2022		584,012	200,000	(49,199)	4,062	1,462,411	2,201,286

Note 17      Note 18      Note 19

Company	Note	Non-distributable			Distributable			Total equity 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 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
<b>Total comprehensive (loss)/income for the year</b>		-	-	-	(12,392)	(21,054)	233,957	200,511
Conversion of ICULS		18,564	(14,101)	-	-	-	-	4,463
Deferred tax effects on ICULS		-	(6)	-	-	-	-	(6)
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	-	(10,136)	(10,136)
Dividends	31	-	-	-	-	-	(58,999)	(58,999)
At 28 February 2021		584,012	-	200,000	(128,262)	6,517	1,230,925	1,893,192

Note 17      Note 18      Note 19

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

Company	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 March 2021		584,012	200,000	(128,262)	6,517	1,230,925	1,893,192
Cash flow hedge, net of tax		-	-	79,063	-	-	79,063
Fair value through other comprehensive income		-	-	-	(2,455)	-	(2,455)
Profit for the year		-	-	-	-	362,714	362,714
<b>Total comprehensive income/ (loss) for the year</b>		-	-	79,063	(2,455)	362,714	439,322
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,108)	(10,108)
Dividends	31	-	-	-	-	(123,825)	(123,825)
At 28 February 2022		584,012	200,000	(49,199)	4,062	1,459,706	2,198,581

Note 17

Note 18

Note 19

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		526,820	524,741	324,907
Adjustments for:				
Interest/profit income from deposits with licensed financial institutions		(13,553)	(13,553)	(4,842)
Gain on disposal of plant and equipment		(144)	(144)	(131)
Finance costs		328,580	328,580	355,056
Interest expense on lease liabilities		2,306	2,303	2,817
Depreciation of plant and equipment		47,100	47,096	49,083
Depreciation of right-of-use assets		22,401	22,354	22,009
(Reversal)/Allowance for impairment loss on financing receivables		(85,815)	(85,815)	151,577
Write-off on financing receivables		389,100	389,100	356,845
Write-off of plant and equipment		34	34	2,410
Operating Profit Before Changes In Working Capital		1,216,829	1,214,696	1,259,731
Changes in working capital:				
Financing receivables		(168,350)	(168,350)	(40,347)
Trade receivables		(1,467)	-	-
Other receivables, deposits and prepayments		6,402	6,413	20,192
Amount owing by related companies		6,377	6,377	(14,906)
Trade payables		4,936	3,168	(11,750)
Other payables and accruals		140,591	140,470	21,266
Amount owing to immediate holding company		1,145	1,145	(392)
Amount owing to related companies		(15,425)	(15,425)	14,565
Amount owing to a subsidiary company		-	1,060	-
Cash held in trust for customers		(7,132)	(7,132)	(13,451)
Cash held in trust for a related company		-	-	1,841
Cash Generated From Operations		1,183,906	1,182,422	1,236,749
Tax paid		(181,214)	(181,215)	(78,642)
Net Cash From Operating Activities		1,002,692	1,001,207	1,158,107
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment		(53,759)	(53,730)	(48,206)
Proceeds from disposal of plant and equipment		326	326	162
Addition of other investments		(535)	(535)	-
Acquisition of a subsidiary, net of cash acquired	37	(449)	(489)	-
Interest/profit income from deposits with licensed financial institutions received		13,553	13,553	4,842
Net Cash Used In Investing Activities		(40,864)	(40,875)	(43,202)

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid to equity holders of the the Company		(123,825)	(123,825)	(58,999)
Proceeds from bank borrowings	(ii)	750,000	750,000	4,047,000
Repayment of bank borrowings	(ii)	(1,156,688)	(1,156,688)	(4,375,630)
Coupon payment of ICULS		-	-	(636)
Distribution paid to perpetual notes and sukuk holders		(13,300)	(13,300)	(13,337)
Repayment of lease liabilities		(24,173)	(24,096)	(24,511)
(Increase)/Decrease in deposits held in trust account		(1)	(1)	28
Finance costs paid		(331,563)	(331,563)	(349,353)
Net Cash Used In Financing Activities		(899,550)	(899,473)	(775,438)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>62,278</b>	<b>60,859</b>	339,467
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>405,955</b>	<b>405,955</b>	66,488
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	(i)	<b>468,233</b>	<b>466,814</b>	405,955

#### (i) Cash and cash equivalents

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

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Cash and bank balances	15	96,729	95,310	112,334
Deposits placed with licensed financial institutions	15	412,231	412,231	327,215
Cash held in trust for customers	15	508,960	507,541	439,549
Deposits held in trust account	15	(40,564)	(40,564)	(33,432)
		(163)	(163)	(162)
		<b>468,233</b>	<b>466,814</b>	405,955



## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

The table below details changes in the Group's and 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 Group's and the Company's statements of cash flows as cash flows from financing activities:

	Borrowings (Note 21)		
	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
At beginning of year	7,662,910	7,662,910	8,197,668
Repayments of bank overdraft	-	-	(44,298)
Proceeds from borrowings	750,000	750,000	4,047,000
Repayments of borrowings	(1,156,688)	(1,156,688)	(4,375,630)
Foreign exchange movement	134,274	134,274	(161,830)
At end of year	7,390,496	7,390,496	7,662,910

In the previous financial year, the proceeds from borrowings and repayment of borrowings included the issuance of Islamic commercial paper of RM830,000,000 and redemption of Islamic commercial paper of RM1,490,000,000 respectively, which are on short term and clean basis.

# 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 registered office of the Company is located at 12<sup>th</sup> 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 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 principal activity of the subsidiary company is as disclosed in Note 7. There has been no significant change in the nature of this principal activity during the financial year.

The immediate and ultimate holding companies are AEON Financial Service Co., Ltd. ("AFS") and AEON Co., Ltd. respectively. Both companies are 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 10 May 2022.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Statement of compliance

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

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and 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 Group and the Company adopted all the Amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for financial periods commencing on or after 1 March 2021.

- Amendments to MFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*
- 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*

The adoption of these Amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and 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 Standards, and 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 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*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 17 *Initial Application of MFRS 9 and MFRS17 - Comparative Information*

The Group and the Company will adopt the above Standards and 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 Group and of the Company in the period of initial application.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Group and 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 Group and the Company take 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.

The principal accounting policies are set out below:

**Basis of consolidation**

The Group prepared its first consolidated financial statements in financial year ended 28 February 2022 upon acquisition of a subsidiary as disclosed in Note 7.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 28 February each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Basis of consolidation** (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiary acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Changes in Group's ownership interest in existing subsidiary**

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Investment in a subsidiary company**

Investment in a subsidiary company, which is eliminated on consolidation, is stated at cost less accumulated impairment losses, if any in the Company's financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

**Goodwill on consolidation**

Goodwill arising on consolidation is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGUs is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

**Revenue recognition**

Revenue is recognised when 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 Group's and 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 comprises commission earned for referral of extended warranty program.

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

**(iii) Brokerage fee**

Revenue from brokerage fee is recognised at a point in time when services are rendered.



## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 Group and 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 Group and the Company are 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 Group's and the Company's contributions to EPF are disclosed separately.

**Foreign currency transactions**

The financial statements of the Group and of the Company are presented in RM, the currency of the primary economic environment in which the Group and the Company operate (their functional currency).

In preparing the financial statements, transactions in currencies other than the Group's and 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. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill. 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. Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiary except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Income tax (continued)**

## Deferred tax (continued)

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 Group and the Company expect, 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 Group and the Company intend to settle their current tax assets and liabilities on a net basis.

**Earnings per ordinary share**

The Group 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 Group and the Company assess 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 Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases** (continued)

## (ii) Recognition and initial measurement

## Company as a lessee

The Group and the Company recognise 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 Group and the Company use their incremental borrowing rate.

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 Group and the Company are 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 Group and the Company are reasonably certain not to terminate early.

The Group and the Company have excluded 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 Group and the Company have 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 Group and the Company recognise 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 Group's and the Company's estimates of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether they 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 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 Group and 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. Assets under capital-work-in-progress are not depreciated until the assets are ready for their intended use.

The principal annual rates are as follows:

Office equipment	4 - 7 years
Computer equipment and software	2 - 10 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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of non-financial assets (continued)**

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 statements of financial position when, and only when, the Group and the Company become 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 Group and the Company have applied MFRS 9 and classified the 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 Group and the Company determine the classification of financial assets upon initial recognition. The financial assets are not subsequently reclassified unless the Group or the Company change the 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.

**(b) FVTOCI**

The Group and 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 Group's or 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 Group and 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.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets** (continued)

## (iii) Derecognition of financial assets

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

The Group and the Company derecognise 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 Group and 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 Group and the Company record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

## (b) Derecognition other than for substantial modification

The Group and the Company derecognise 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 Group or the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group or the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group or the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group or 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 Group or 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 Group and the Company assess ECL associated with its debt instrument assets carried at amortised cost. The Group and the Company recognise 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.



## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of financial assets** (continued)

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 Group'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 Group's understanding of the specific future financing needs of the customers, and other relevant forward-looking information.

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 Group and the Company assess 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 Group and the Company consider both quantitative information and analysis based on the Group's and the Company's historical experience.

The Group and the Company assess 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 Group and the Company determine 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 Group and the Company presume that the credit risk of a borrower has increased significantly since initial recognition when contractual payment are more than 30 days past due.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Credit impaired (default)**

At each reporting date, the Group and the Company assess 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 Group and the Company consider 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 Group's and 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 Group's and the Company's core operations.

**Write-offs**

The Group and the Company write-off 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 Group's and 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".

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 Group are recognised at the proceeds received, net of direct issue costs.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Equity instruments (continued)****(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.

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 Group and the Company enter 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 Group and the Company document 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 Group and the Company document 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 Group and the Company actually hedges and the quantity of the hedging instrument that the Group and the Company actually uses to hedge that quantity of hedged item.

## NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to 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.

**Cash and cash equivalents**

The Group and the Company adopt the indirect method in the preparation of the statements 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, cash held in trust for customers and deposits held in trust account.

**Provisions**

Provisions are made when the Group and the Company have 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 Group's and 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 Group and the Company will be required to settle the obligation.

## NOTES TO THE FINANCIAL STATEMENTS

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY****Critical judgement in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and 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 11)

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 28 February 2022. 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. 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, which are estimated at portfolio level and remained outside the core MFRS 9 process, are amounting to RM118,149,000 (2021: RM59,942,000) of the Group's and of the Company's ECL on financing receivables for the financial year.

(ii) Deferred tax assets (Note 10)

The Group and the Company assess 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 8 and Note 14)

The fair value of financial instruments measured at fair value is determined using a variety of valuation techniques. The Group and the Company generally use 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. PLANT AND EQUIPMENT

Group	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
<b>Cost</b>							
At 1 March 2021	8,873	251,998	2,025	16,562	54,188	37,112	370,758
Acquisition of subsidiary	73	-	182	58	255	-	568
Additions	515	11,090	1,211	50	9	40,884	53,759
Disposals	-	(4,442)	(813)	-	-	-	(5,255)
Write-off	(142)	(93)	-	(46)	(371)	-	(652)
Reclassification	29	61,271	-	-	148	(61,448)	-
At 28 February 2022	9,348	319,824	2,605	16,624	54,229	16,548	419,178
<b>Accumulated Depreciation</b>							
At 1 March 2021	5,633	170,235	1,678	14,866	40,503	-	232,915
Acquisition of subsidiary	72	-	182	56	255	-	565
Charge for the year	1,554	36,062	360	1,591	7,533	-	47,100
Disposals	-	(4,260)	(813)	-	-	-	(5,073)
Write-off	(128)	(90)	-	(42)	(358)	-	(618)
Reclassification	(9)	-	-	-	9	-	-
At 28 February 2022	7,122	201,947	1,407	16,471	47,942	-	274,889
<b>Carrying amounts</b>							
At 28 February 2022	2,226	117,877	1,198	153	6,287	16,548	144,289

Company	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
<b>Cost</b>							
At 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/ 1 March 2021	8,873	251,998	2,025	16,562	54,188	37,112	370,758
Additions	490	11,090	1,211	50	5	40,884	53,730
Disposals	-	(4,442)	(813)	-	-	-	(5,255)
Write-off	(142)	(93)	-	(46)	(371)	-	(652)
Reclassification	29	61,271	-	-	148	(61,448)	-
At 28 February 2022	9,250	319,824	2,423	16,566	53,970	16,548	418,581



## NOTES TO THE FINANCIAL STATEMENTS

## 5. PLANT AND EQUIPMENT (CONTINUED)

Company	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
<b>Accumulated Depreciation</b>							
At 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/ 1 March 2021	<b>5,633</b>	<b>170,235</b>	<b>1,678</b>	<b>14,866</b>	<b>40,503</b>	-	<b>232,915</b>
Charge for the year	<b>1,552</b>	<b>36,062</b>	<b>360</b>	<b>1,589</b>	<b>7,533</b>	-	<b>47,096</b>
Disposals	-	<b>(4,260)</b>	<b>(813)</b>	-	-	-	<b>(5,073)</b>
Write-off	<b>(128)</b>	<b>(90)</b>	-	<b>(42)</b>	<b>(358)</b>	-	<b>(618)</b>
Reclassification	<b>(9)</b>	-	-	-	<b>9</b>	-	-
At 28 February 2022	<b>7,048</b>	<b>201,947</b>	<b>1,225</b>	<b>16,413</b>	<b>47,687</b>	-	<b>274,320</b>
<b>Carrying amounts</b>							
At 28 February 2021	3,240	81,763	347	1,696	13,685	37,112	137,843
At 28 February 2022	<b>2,202</b>	<b>117,877</b>	<b>1,198</b>	<b>153</b>	<b>6,283</b>	<b>16,548</b>	<b>144,261</b>

Included in computer equipment and software is the cost of development of the core system which is capitalised and put into use in the current financial year.

## 6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

## Right-of-use assets

Group	Office floors RM'000	Computer equipment RM'000	Total RM'000
<b>Cost</b>			
At 1 March 2021	<b>78,352</b>	<b>16,465</b>	<b>94,817</b>
Acquisition of subsidiary company	<b>59</b>	-	<b>59</b>
Additions	<b>10,705</b>	<b>2,831</b>	<b>13,536</b>
Termination	<b>(15,947)</b>	<b>(2,129)</b>	<b>(18,076)</b>
At 28 February 2022	<b>73,169</b>	<b>17,167</b>	<b>90,336</b>
<b>Accumulated depreciation</b>			
At 1 March 2021	<b>36,688</b>	<b>4,594</b>	<b>41,282</b>
Acquisition of subsidiary company	<b>51</b>	-	<b>51</b>
Charge for the year	<b>18,663</b>	<b>3,738</b>	<b>22,401</b>
Termination	<b>(15,947)</b>	<b>(2,129)</b>	<b>(18,076)</b>
At 28 February 2022	<b>39,455</b>	<b>6,203</b>	<b>45,658</b>
<b>Carrying amounts</b>			
At 28 February 2022	<b>33,714</b>	<b>10,964</b>	<b>44,678</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONTINUED)

Company	Office floors RM'000	Computer equipment RM'000	Total RM'000
<b>Cost</b>			
At 1 March 2020	76,781	13,797	90,578
Additions	3,786	2,668	6,454
Termination	(2,215)	-	(2,215)
At 28 February 2021/1 March 2021	<b>78,352</b>	<b>16,465</b>	<b>94,817</b>
Additions	<b>10,618</b>	<b>2,831</b>	<b>13,449</b>
Termination	<b>(15,882)</b>	<b>(2,129)</b>	<b>(18,011)</b>
At 28 February 2022	<b>73,088</b>	<b>17,167</b>	<b>90,255</b>
<b>Accumulated depreciation</b>			
At 1 March 2020	19,347	234	19,581
Charge for the year	17,649	4,360	22,009
Termination	(308)	-	(308)
At 28 February 2021/1 March 2021	<b>36,688</b>	<b>4,594</b>	<b>41,282</b>
Charge for the year	<b>18,616</b>	<b>3,738</b>	<b>22,354</b>
Termination	<b>(15,882)</b>	<b>(2,129)</b>	<b>(18,011)</b>
At 28 February 2022	<b>39,422</b>	<b>6,203</b>	<b>45,625</b>
<b>Carrying amounts</b>			
At 28 February 2021	41,664	11,871	53,535
At 28 February 2022	<b>33,666</b>	<b>10,964</b>	<b>44,630</b>

The Group and the Company leases several assets including office floors and computer equipment. The lease terms range from one to four years (2021: one to five years).

**Lease liabilities**

The lease liabilities component is analysed as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Non-current	<b>26,797</b>	<b>26,797</b>	35,801
Current	<b>18,941</b>	<b>18,890</b>	18,230
	<b>45,738</b>	<b>45,687</b>	54,031

## NOTES TO THE FINANCIAL STATEMENTS

**6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONTINUED)****Lease liabilities** (continued)

The movements of lease liabilities during the financial year are as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
At 1 March	54,031	54,031	71,117
Acquisition of subsidiary	38	-	-
Repayment of lease liabilities	(24,173)	(24,096)	(24,511)
Additions	13,536	13,449	4,608
Interest on lease liabilities	2,306	2,303	2,817
At 28 February	45,738	45,687	54,031

The maturity analysis of lease liabilities is presented in Note 34.

The following are amount recognised in profit or loss:

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	27	22,401	22,354	22,009
Interest expense on lease liabilities	26	2,306	2,303	2,817
Expenses relating to short-term leases	27	6,819	6,819	5,119
Expenses relating to leases of low value assets	27	4,173	4,173	4,505

**7. INVESTMENT IN A SUBSIDIARY COMPANY**

	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost	489	-

The details of the subsidiary company are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2022 %	2021 %	
Insurepro Sdn. Bhd.*	Malaysia	100	-	Insurance broker

\* Audited by Deloitte PLT

During the financial year, the Company completed the acquisition of the entire equity interest of 1,440,000 ordinary shares in Insurepro Sdn. Bhd. ("Insurepro") for a purchase at a consideration of RM489,000. The details of the acquisition are disclosed in Note 37.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. OTHER INVESTMENTS

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Non-current</b>			
At 1 March	27,645	27,645	48,699
Additions	535	535	-
Changes in fair value recognised in other comprehensive income	(2,455)	(2,455)	(21,054)
At 28 February	25,725	25,725	27,645
<b>Fair value through other comprehensive income:</b>			
Quoted equity in Malaysia	428	428	-
Unquoted investments outside Malaysia	25,297	25,297	27,645
	25,725	25,725	27,645
Representing items: At fair value	25,725	25,725	27,645

(i) Details of the unquoted investments outside Malaysia are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest	
			2022 %	2021 %
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	6
PT. AEON Credit Service Indonesia ("ACSID")	Indonesia	Provision of financial services	5	5

The Group and the Company designated these investments as FVTOCI because it does not have influence over their activities and distribution policies. The Group and the Company intend to hold its interest for long-term strategic purposes.

(ii) During the financial year, the Company has invested RM535,000 in an entity listed in Main Market of Bursa Malaysia Securities Berhad in connection with its initial public offering exercise. The Company has designated this investment as "fair value through other comprehensive income" as it intends to hold the investment for long-term strategic purposes.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. GOODWILL ON CONSOLIDATION

	Group 2022 RM'000
<b>Cost</b>	
At 1 March	-
Addition	511
At 28 February	511

Goodwill will be assessed annually for impairment. The Group determines the recoverable amounts based on the value-in use calculation using cash flows projections from financial budgets approved by management covering a three-year period. The goodwill relates to the acquisition of a subsidiary company during the year (Note 37).

## 10. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are in respect of the tax effect of the following:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Plant and equipment	(9,434)	(9,431)	(8,748)
Hedging reserve	15,528	15,528	40,496
Impairment loss on financing receivables	147,579	147,579	160,680
Recognition of interest income/profit revenue	44,369	44,369	45,970
Provision for bonus and others	13,019	12,991	9,299
Unused tax losses	600	-	-
Leases	136	135	119
Net deferred tax assets	211,797	211,171	247,816

## Movement in temporary differences during the year

Group	At 1 March 2021 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income RM'000	At 28 February 2022 RM'000
Plant and equipment	(8,748)	(686)	-	(9,434)
Hedging reserve	40,496	-	(24,968)	15,528
Impairment loss on financing receivables	160,680	(13,101)	-	147,579
Recognition of interest income/profit revenue	45,970	(1,601)	-	44,369
Provision for bonus and others	9,299	3,720	-	13,019
Unused tax losses	-	600	-	600
Leases	119	17	-	136
	247,816	(11,051)	(24,968)	211,797

## NOTES TO THE FINANCIAL STATEMENTS

## 10. DEFERRED TAX ASSETS (CONTINUED)

Company	At 1 March 2020 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income RM'000	Recognised in ICULS equity RM'000	At 28 February 2021/ 1 March 2021 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income RM'000	At 28 February 2022 RM'000
Plant and equipment	(7,059)	(1,689)	-	-	(8,748)	(683)	-	(9,431)
Hedging reserve	36,585	-	3,911	-	40,496	-	(24,968)	15,528
Impairment loss on financing receivables	131,192	29,488	-	-	160,680	(13,101)	-	147,579
Recognition of interest income/profit revenue	42,086	3,884	-	-	45,970	(1,601)	-	44,369
Provision for bonus and others	11,160	(1,861)	-	-	9,299	3,692	-	12,991
ICULS	6	-	-	(6)	-	-	-	-
Leases	(169)	288	-	-	119	16	-	135
	213,801	30,110	3,911	(6)	247,816	(11,677)	(24,968)	211,171

## 11. FINANCING RECEIVABLES

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Total gross financing receivables	13,051,856	13,051,856	13,292,200
Less: Unearned carrying charges	(3,194,448)	(3,194,448)	(3,214,042)
	9,857,408	9,857,408	10,078,158
Less: Allowance for impairment loss	(756,297)	(756,297)	(842,112)
	9,101,111	9,101,111	9,236,046
Less: Non-current financing receivables	(6,170,956)	(6,170,956)	(6,302,925)
Current financing receivables	2,930,155	2,930,155	2,933,121

Movements in allowance for impairment which reflects the ECL model on impairment are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 March 2021	285,576	242,913	313,623	842,112
- Transfers to Stage 1	66,140	(48,128)	(18,012)	-
- Transfers to Stage 2	(11,907)	40,521	(28,614)	-
- Transfers to Stage 3	(3,944)	(27,847)	31,791	-
Net measurement of allowances	(95,764)	56,902	430,111	391,249
Changes to risk parameters	(67,524)	(1,262)	8,178	(60,608)
New financial assets originated	63,871	34,629	33,705	132,205
Financial assets derecognised	(23,690)	(30,632)	(105,239)	(159,561)
	(72,818)	24,183	351,920	303,285
Write-off (Note 27)	-	-	(389,100)	(389,100)
At 28 February 2022	212,758	267,096	276,443	756,297



## NOTES TO THE FINANCIAL STATEMENTS

## 11. FINANCING RECEIVABLES (CONTINUED)

Company	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	-
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
New financial assets originated	73,080	27,657	46,585	147,322
Financial assets derecognised	(28,984)	(49,484)	(121,314)	(199,782)
	20,496	58,920	429,006	508,422
Write-off (Note 27)	-	-	(356,845)	(356,845)
At 28 February 2021/At 1 March 2021	<b>285,576</b>	<b>242,913</b>	<b>313,623</b>	<b>842,112</b>
- Transfers to Stage 1	<b>66,140</b>	<b>(48,128)</b>	<b>(18,012)</b>	-
- Transfers to Stage 2	<b>(11,907)</b>	<b>40,521</b>	<b>(28,614)</b>	-
- Transfers to Stage 3	<b>(3,944)</b>	<b>(27,847)</b>	<b>31,791</b>	-
Net measurement of allowances	<b>(95,764)</b>	<b>56,902</b>	<b>430,111</b>	<b>391,249</b>
Changes to risk parameters	<b>(67,524)</b>	<b>(1,262)</b>	<b>8,178</b>	<b>(60,608)</b>
New financial assets originated	<b>63,871</b>	<b>34,629</b>	<b>33,705</b>	<b>132,205</b>
Financial assets derecognised	<b>(23,690)</b>	<b>(30,632)</b>	<b>(105,239)</b>	<b>(159,561)</b>
	<b>(72,818)</b>	<b>24,183</b>	<b>351,920</b>	<b>303,285</b>
Write-off (Note 27)	-	-	<b>(389,100)</b>	<b>(389,100)</b>
At 28 February 2022	<b>212,758</b>	<b>267,096</b>	<b>276,443</b>	<b>756,297</b>

Included in gross financing receivables are:

- (i) An amount of RM8,747,541,000 (2021: RM8,942,127,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles; and
- (ii) An amount of RM4,622,000 (2021: RM6,771,000) owing by related companies which is subject to normal trade terms.

## 12. TRADE RECEIVABLES

	Group 2022 RM'000
Trade receivables	<b>1,508</b>

Trade receivables mainly represent brokerage fee income due from insurance companies and clients with credit periods ranging from 30 - 60 days.

## NOTES TO THE FINANCIAL STATEMENTS

**12. TRADE RECEIVABLES (CONTINUED)**

The table below shows the ageing of trade receivables as of the end of the reporting period:

	Group 2022 RM'000
<b>Carrying amount</b>	
Not past due	1,297
Past due 31 to 60 days	187
Past due 61 to 180 days	21
Past due more than 365 days	3
	<b>1,508</b>

The Group measures the loss allowances for trade receivables at an amount equals to lifetime ECL.

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Other receivables	24,130	24,130	25,763
Deposits	8,483	8,458	8,444
Prepayments	24,385	24,374	29,168
	<b>56,998</b>	<b>56,962</b>	63,375

**14. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	2022			
	Notional value RM'000	Assets/ (Liabilities) RM'000		
Derivatives used for hedging				
- Cross currency swaps	863,120	26,057		
- Cross currency swaps	2,538,740	(69,655)		
Company	2022		2021	
	Notional value RM'000	Assets/ (Liabilities) RM'000	Notional value RM'000	Assets/ (Liabilities) RM'000
Derivatives used for hedging				
- Cross currency swaps	863,120	26,057	-	-
- Cross currency swaps	2,538,740	(69,655)	3,674,492	(281,903)

Cross currency swaps are used to manage foreign currency and interest rate exposures arising from borrowings denominated in foreign currencies.

## NOTES TO THE FINANCIAL STATEMENTS

**15. CASH, BANK BALANCES AND DEPOSITS**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Cash and bank balances	96,729	95,310	112,334
Deposits placed with licensed financial institutions	412,231	412,231	327,215
	508,960	507,541	439,549

Included in cash, bank balances and deposits are the following:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Cash held in trust for customers in relation to AEON E-wallet	40,564	40,564	33,432
Deposits held in trust account with licensed banks	163	163	162
	40,727	40,727	33,594

**16. SHARE CAPITAL**

Group	Number of shares 2022 '000		Amount 2022 RM'000	
<b>Issued and fully paid:</b>				
At 1 March/At 28 February			255,308	584,012

Company	Number of shares 2022 '000		Amount 2022 RM'000	
<b>Issued and fully paid:</b>				
At 1 March	255,308	253,619	584,012	565,448
Conversion of ICULS	-	1,689	-	18,564
At 28 February	255,308	255,308	584,012	584,012

**17. 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 currencies.

**18. 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.

**19. 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.

## NOTES TO THE FINANCIAL STATEMENTS

**20. PERPETUAL NOTES AND SUKUK**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Perpetual notes	100,000	100,000	100,000
Perpetual sukuk	100,000	100,000	100,000
	<b>200,000</b>	<b>200,000</b>	200,000

**(i) 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:

- The distribution rate for the year for five (5) years from issuance date is 6.65% (2021: 6.65%) per annum, with distributions to be made on semi-annual basis in arrears;
- If the Company does not exercise its option to redeem at the end of the 5<sup>th</sup> year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- 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;
- 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;
- 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;
- The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- The holders of the perpetual notes do not have any voting rights in the Company; and
- 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.

**(ii) 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:

- The distribution rate for the year for five (5) years from issuance date is 6.65% (2021: 6.65%) per annum, with the distribution to be made on semi-annual basis in arrears;
- If the Company does not exercise its option to redeem at the end of the 5<sup>th</sup> year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- 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;

## NOTES TO THE FINANCIAL STATEMENTS

**20. PERPETUAL NOTES AND SUKUK (CONTINUED)****(ii) Perpetual sukuk (continued)**

- (d) 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;
- (e) 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;
- (f) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (g) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (h) 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.

**21. BORROWINGS**

	Note	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Non-current (Unsecured)</b>				
Term loans/financing	(i)	6,093,255	6,093,255	5,844,528
Senior sukuk	(ii)	498,953	498,953	498,771
Subordinated sukuk	(ii)	199,683	199,683	199,647
		<b>6,791,891</b>	<b>6,791,891</b>	6,542,946
<b>Current (Unsecured)</b>				
Term loans/financing	(i)	598,605	598,605	1,119,964
		<b>7,390,496</b>	<b>7,390,496</b>	7,662,910

The currency profile of borrowings is as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
RM	3,988,636	3,988,636	3,988,418
United States Dollar ("USD")	3,063,309	3,063,309	3,674,492
Japanese Yen ("JPY")	338,551	338,551	-
	<b>7,390,496</b>	<b>7,390,496</b>	7,662,910

**(i) Term loans/financing**

The 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 2022, the Group and the Company have banking facilities totaling RM11,880,208,000 (2021: RM12,378,000,000) obtained from licensed banks and financial institutions.

The interest rates are disclosed in Note 34.

## NOTES TO THE FINANCIAL STATEMENTS

**21. BORROWINGS (CONTINUED)****(ii) 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.

**(a) 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

**(b) 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

**22. TRADE PAYABLES**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 2 to 3 (2021: 2 to 3) days.

**23. OTHER PAYABLES AND ACCRUALS**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Other payables	159,983	159,957	66,070
Accruals	204,530	204,377	160,777
	364,513	364,334	226,847

## NOTES TO THE FINANCIAL STATEMENTS

**24. REVENUE**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Interest income, profit revenue and finance charges	<b>1,371,385</b>	<b>1,371,385</b>	1,403,762
Fee income	<b>149,641</b>	<b>149,641</b>	157,898
Brokerage fee	<b>3,854</b>	-	-
	<b>153,495</b>	<b>149,641</b>	157,898
	<b>1,524,880</b>	<b>1,521,026</b>	1,561,660

The timing of revenue for fee income recognition is as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Recognised at point in time	<b>111,416</b>	<b>107,562</b>	114,202
Recognised over time	<b>42,079</b>	<b>42,079</b>	43,696
	<b>153,495</b>	<b>149,641</b>	157,898

Except for fee income from extended warranty program and credit card annual fees, revenue from contracts with customers of the Group and of the Company are recognised at the point in time as and when the services are rendered.

In the previous financial year, included in the interest income and profit revenue of the Company was 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.

**25. STAFF COSTS**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Salaries, wages, bonuses and allowances	<b>190,889</b>	<b>190,165</b>	166,350
Defined contribution plan	<b>27,224</b>	<b>27,125</b>	23,548
Other staff benefits	<b>8,729</b>	<b>8,722</b>	8,104
	<b>226,842</b>	<b>226,012</b>	198,002



## NOTES TO THE FINANCIAL STATEMENTS

## 26. FINANCE COSTS

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Interest/profit expense on:</b>			
Islamic commercial paper	436	436	5,362
Term loans/financing	300,860	300,860	314,955
Senior sukuk and subordinated sukuk	27,284	27,284	26,969
Revolving credits	-	-	3,298
Bank overdraft	-	-	3
ICULS interest	-	-	4,469
	<b>328,580</b>	<b>328,580</b>	355,056
Interest on lease liabilities (Note 6)	2,306	2,303	2,817
	<b>330,886</b>	<b>330,883</b>	357,873

## 27. PROFIT BEFORE TAX

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Profit before tax is arrived at after charging:</b>			
Auditors' remuneration:			
- Audit fees			
- statutory audit	333	300	210
- assurance and compliance related service	120	120	255
- Non-audit fees	160	160	40
Depreciation of plant and equipment (Note 5)	47,100	47,096	49,083
Depreciation of right-of-use assets (Note 6)	22,401	22,354	22,009
Directors' remuneration	3,248	3,019	2,957
Write-off of plant and equipment (Note 5)	34	34	2,410
Write-off on financing receivables (Note 11)	389,100	389,100	356,845
Rental expenses in respect of:			
- Office premises	6,819	6,819	5,119
- Office equipment	4,173	4,173	4,505
<b>And after crediting:</b>			
Bad debts recovered	156,364	156,364	125,241
Gain on disposal of plant and equipment	144	144	131
Interest/profit income from deposits with licensed financial institutions	13,553	13,553	4,842

## NOTES TO THE FINANCIAL STATEMENTS

**27. PROFIT BEFORE TAX (CONTINUED)****Compensation of Key Management Personnel**

The remuneration of the Directors during the year are as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Directors' remuneration:</b>			
Fees	1,529	1,497	1,528
Remuneration	1,650	1,453	1,361
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	69	69	68
	<b>3,248</b>	<b>3,019</b>	2,957

**28. TAXATION**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Income tax payable:			
Current year	149,406	149,406	113,168
Under provision in prior years	944	944	7,892
	<b>150,350</b>	<b>150,350</b>	121,060
Deferred tax (Note 10):			
Current year	16,463	16,090	(31,082)
(Over)/Under provision in prior years	(5,412)	(4,413)	972
	<b>11,051</b>	<b>11,677</b>	(30,110)
Total tax expenses	<b>161,401</b>	<b>162,027</b>	90,950

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, a special one-off tax known as prosperity tax ("Cukai Makmur") was implemented for the year of assessment ("YA") 2022, where the chargeable income of a Company up to the first RM100 million is taxed at 24%, and the remaining chargeable income in excess of RM100 million is taxed at 33%. Income tax is calculated based on the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

**28. TAXATION (CONTINUED)**

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 Group and of Company is as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Profit before tax	526,820	524,741	324,907
Tax calculated using Malaysian income tax rate of 24% (2021: 24%)	126,437	125,938	77,978
Effect of increase in tax rate due to Cukai Makmur	33,331	33,331	-
Tax effect of non-deductible expenses	6,101	6,227	4,108
	165,869	165,496	82,086
(Over)/Under provision in prior years			
- income tax	944	944	7,892
- deferred tax	(5,412)	(4,413)	972
	161,401	162,027	90,950
<b>Deferred tax recognised directly in other comprehensive income</b>			
Cash flow hedge reserve	(24,968)	(24,968)	3,911

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the Group's tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028). Unused tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

At the end of the reporting period, the Group has unused tax losses that are available for offsetting against future taxable profits of a subsidiary company, subject to the agreement with the tax authorities.

The unused tax losses will expire as follows:

	Group 2022 RM'000
Year of assessment	
2027	247
2028	994
2029	621
2030	640
	2,502

## NOTES TO THE FINANCIAL STATEMENTS

**29. 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 during the year.

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Profit attributable to equity holders	<b>365,419</b>	<b>362,714</b>	233,957
Distribution to the holders of perpetual notes and sukuk, net of tax	<b>(10,108)</b>	<b>(10,108)</b>	(10,136)
Profit attributable to ordinary equity holders	<b>355,311</b>	<b>352,606</b>	223,821
Weighted average number of ordinary shares ('000 unit)	<b>255,308</b>	<b>255,308</b>	255,308
Basic earnings per share (sen)	<b>139.17</b>	<b>138.11</b>	87.67

**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.

**30. 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.

Amount owing to a subsidiary company, which arose mainly from insurance premium and commission, management fees, other charges 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 Group if the Group 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 Group 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 Group and of the Company either directly or indirectly.

The amount owing to immediate holding company, amount owing by/to related companies and amount owing to a subsidiary company are as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
- Amount owing by related companies	<b>19,235</b>	<b>19,235</b>	25,612
- Amount owing to immediate holding company	<b>(7,731)</b>	<b>(7,731)</b>	(6,586)
- Amount owing to related companies	<b>(4,842)</b>	<b>(4,842)</b>	(20,267)
- Amount owing to a subsidiary company	-	<b>(1,060)</b>	-
	<b>6,662</b>	<b>5,602</b>	(1,241)

The amount owing to/by related parties are all denominated in RM.

## NOTES TO THE FINANCIAL STATEMENTS

**30. RELATED PARTY DISCLOSURES (CONTINUED)**

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Related companies</b>			
<b>AEON CO. (M) BHD.</b>			
<b>Trade</b>			
<b>Customers' transactions via related company</b>			
Sales through easy payment schemes	3,732	3,732	3,285
Sales through AEON credit cards	1,024,498	1,024,498	1,061,249
Sales through E-Money	112,689	112,689	97,151
<b>Revenue</b>			
Credit cards commission income	7,093	7,093	7,593
E-Money commission income and processing fees	3,139	3,139	4,422
<b>Non-Trade Expenses</b>			
Office and promotion space rental	(17,567)	(17,567)	(19,456)
<b>AEON Big (M) Sdn. Bhd.</b>			
<b>Trade</b>			
<b>Customers' transactions via related company</b>			
Sales through easy payment schemes	539	539	720
Sales through AEON credit cards	298,411	298,411	244,170
Sales through E-Money	13,771	13,771	16,886
<b>Revenue</b>			
Credit cards commission income	2,159	2,159	1,853
E-Money commission income and processing fees	784	784	1,795
<b>Non-Trade Expenses</b>			
Office and promotion space rental	(6,747)	(6,747)	(7,695)
<b>AEON Credit Service Systems (Philippines) Inc.</b>			
<b>Non-Trade Assets</b>			
IT systems development cost	-	-	(1,032)

## NOTES TO THE FINANCIAL STATEMENTS

## 30. RELATED PARTY DISCLOSURES (CONTINUED)

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>AEON Delight (Malaysia) Sdn. Bhd.</b>			
<b>Trade</b>			
<b>Provision of financing</b>			
Instalment scheme for purchase of equipment	773	773	-
<b>Revenue</b>			
Interest income/profit revenue from easy payment scheme	148	148	164
<b>Non-Trade</b>			
<b>Expenses</b>			
Cleaning services	(633)	(633)	(647)
Advertisement space rental	(1,564)	(1,564)	(1,828)
<b>AEON Fantasy (Malaysia) Sdn. Bhd.</b>			
<b>Trade</b>			
<b>Customers' transactions via related company</b>			
Sales through AEON credit cards and E-Money	2,234	2,234	216
<b>Provision of financing</b>			
Instalment scheme for purchase of equipment	-	-	1,106
<b>Revenue</b>			
Credit cards commission income	11	11	1
Interest income/profit revenue from easy payment scheme	114	114	304
<b>Immediate holding company</b>			
<b>AEON Financial Service Co., Ltd.</b>			
<b>Non-Trade</b>			
<b>Expenses</b>			
Corporate support fees	(14,197)	(14,197)	(12,540)
IT systems development cost	(4,517)	(4,517)	(669)
<b>Subsidiary company</b>			
<b>Insurepro Sdn. Bhd.</b>			
<b>Non-Trade</b>			
<b>Other income</b>			
Management fee		115	-
Insurance commission income		796	-
<b>Expenses</b>			
Administrative service fee		(111)	-

## NOTES TO THE FINANCIAL STATEMENTS

**30. RELATED PARTY DISCLOSURES (CONTINUED)****Key management personnel**

The remuneration of the key management personnel, including Directors, during the financial year are as follows:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
Directors' fees	1,529	1,497	1,528
Salaries, allowances and bonuses	4,088	3,918	3,711
Defined contribution plan	421	394	455
Other short-term employee benefits	132	132	86
	6,170	5,941	5,780

The above includes Directors' remuneration as disclosed in Note 27.

**31. DIVIDENDS**

Dividends recognised in the current year by the Company are:

	Net dividend per ordinary share sen	Total amount RM'000	Date of payment
<b>2022</b>			
Interim single-tier for 2022	28.50	72,763	3 November 2021
Final single-tier for 2021	20.00	51,062	15 July 2021
		123,825	
<b>2021</b>			
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	

After the end of the reporting period, the following dividends were proposed by the Directors:

	Net dividend per ordinary share sen	Total amount RM'000
Final single-tier for 2022	15.00	38,296
Special single-tier for 2022	5.00	12,766
		51,062

The dividends will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.



## NOTES TO THE FINANCIAL STATEMENTS

**32. 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. The contribution from the newly acquired subsidiary company which is principally engaged in the insurance brokering business remains insignificant to the Group during the financial year.

On this basis, the Managing Director ("MD") reviews the business performance of the Group as a whole.

Accordingly, the segmental reporting used is equivalent to the presentation reflected in the Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income.

**33. CAPITAL COMMITMENT**

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Capital expenditure commitments</b>			
<b>Plant and equipment</b>			
Contracted but not provided for	49,305	49,305	79,980

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and of the Company's business whilst managing its risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors and the Group's and the Company's policy is not to engage in speculative transactions or activities.

**Significant Accounting Policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

**Categories of Financial Instruments**

Group	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
<b>2022</b>				
<b>Financial assets</b>				
Other investments	25,725	-	25,725	-
Financing receivables	9,101,111	9,101,111	-	-
Trade receivable	1,508	1,508	-	-
Other receivables and deposits	32,613	32,613	-	-
Amount owing by related companies	19,235	19,235	-	-
Derivative financial assets	26,057	-	-	26,057
Cash, bank balances and deposits	508,960	508,960	-	-
	9,715,209	9,663,427	25,725	26,057

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## Categories of Financial Instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
<b>Financial liabilities</b>			
Borrowings	7,390,496	7,390,496	-
Trade payables	26,148	26,148	-
Other payables and accruals	364,513	364,513	-
Amount owing to immediate holding company	7,731	7,731	-
Amount owing to related companies	4,842	4,842	-
Derivative financial liabilities	69,655	-	69,655
Lease liabilities	45,738	45,738	-
	<b>7,909,123</b>	<b>7,839,468</b>	<b>69,655</b>

Company	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
<b>2022</b>				
<b>Financial assets</b>				
Other investments	25,725	-	25,725	-
Financing receivables	9,101,111	9,101,111	-	-
Other receivables and deposits	32,588	32,588	-	-
Amount owing by related companies	19,235	19,235	-	-
Derivative financial assets	26,057	-	-	26,057
Cash, bank balances and deposits	507,541	507,541	-	-
	<b>9,712,257</b>	<b>9,660,475</b>	<b>25,725</b>	<b>26,057</b>

	Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
<b>Financial liabilities</b>			
Borrowings	7,390,496	7,390,496	-
Trade payables	24,331	24,331	-
Other payables and accruals	364,334	364,334	-
Amount owing to immediate holding company	7,731	7,731	-
Amount owing to related companies	4,842	4,842	-
Amount owing to a subsidiary company	1,060	1,060	-
Derivative financial liabilities	69,655	-	69,655
Lease liabilities	45,687	45,687	-
	<b>7,908,136</b>	<b>7,838,481</b>	<b>69,655</b>

## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Categories of Financial Instruments (continued)**

Company	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
<b>2021</b>				
<b>Financial assets</b>				
Other investments	27,645	-	27,645	-
Financing receivables	9,236,046	9,236,046	-	-
Other receivables and deposits	34,207	34,207	-	-
Amount owing by related companies	25,612	25,612	-	-
Cash, bank balances and deposits	439,549	439,549	-	-
	9,763,059	9,735,414	27,645	-
		<b>Carrying amount RM'000</b>	<b>Amortised cost RM'000</b>	<b>FVTPL derivatives used for hedging RM'000</b>
<b>Financial liabilities</b>				
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

The main risks and corresponding management policies arising from the Group's and 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 Group's and 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 Group and the Company are able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Group's and 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 Group's and 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

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(ii) Risk management framework**

The Group and the Company employ 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 Group and 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 Group and 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 Group's and 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 Group and the Company are 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 Group and 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 Group and the Company have 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 Group and the Company due to the deterioration in credit worthiness of its borrowers and consequently, their ability to discharge their contractual obligations to the Group and the Company. Credit risk remains the most significant risk to which the Group and the Company are exposed. The purpose of credit risk management is to manage or maintain credit risk exposure at an acceptable level, in line with the Group's and the Company's risk appetite and to ensure that the returns commensurate to the risk taken.

The Group's and the Company's exposures to credit risk arises principally from its financing to customers, cash, bank balances and deposits, other receivables and amount owing by related companies.

**Receivables***(i) Risk management objectives, policies and processes for managing the risk*

The Group and the Company have 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 Group and the Company do not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance business.

The Group and the Company conduct 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

**34. 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 Group and the Company do 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 Group and the Company do 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 RM5,731,859,000 (2021: RM5,940,014,000). There has not been any significant change in the quality of the collateral held for hire purchase financing. The Group and the Company recognise a loss allowance for these hire purchase financing receivables based on the ECL model of the Group and of the Company.

*(iii) Credit risk reporting and monitoring*

The Group's and 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 Group and the Company monitor 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

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(a) Credit risk (continued)****Credit quality and allowance for impairment losses**

The ageing of financing receivables for the Group and the Company as at the end of the reporting period is shown below:

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
<b>2022</b>					
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.	8,596,939	(212,758)	8,384,181
Stage 2	31 to 60	Lifetime expected losses.	536,798	(145,537)	391,261
	61 to 90		267,164	(121,559)	145,605
			803,962	(267,096)	536,866
Stage 3	More than 90 and restructured	Lifetime expected losses.	456,507	(276,443)	180,064
			9,857,408	(756,297)	9,101,111
<b>2021</b>					
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
			688,643	(242,913)	445,730
Stage 3	More than 90 and restructured	Lifetime expected losses.	544,440	(313,623)	230,817
			10,078,158	(842,112)	9,236,046

## NOTES TO THE FINANCIAL STATEMENTS

**34. 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)**

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Group and the Company have recognised allowance for impairment loss of RM101,553,000 (2021: RM144,106,000) for these renegotiated/restructured financing receivables. The status of net renegotiated/restructured receivables are as follows:

	<b>Group 2022 RM'000</b>	<b>Company 2022 RM'000</b>	<b>2021 RM'000</b>
Past due 0 to 30 days	<b>129,623</b>	<b>129,623</b>	136,068
Past due 31 to 60 days	<b>7,036</b>	<b>7,036</b>	6,570
Past due 61 to 90 days	<b>5,222</b>	<b>5,222</b>	4,321
Past due more than 90 days	<b>4,395</b>	<b>4,395</b>	2,885
	<b>146,276</b>	<b>146,276</b>	149,844

**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 Group and the Company are of the view that the risk of loss for this category of financial instrument is low, and no loss allowance is provided.

**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 statements of financial position. At the end of the reporting period, the Group and the Company do not consider it necessary to recognise any allowance for impairment losses.

**Amount owing by related companies**

The Group and the Company provide unsecured advances to related companies. The Group and the Company monitor 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 Group and the Company consider balances with related companies as having low credit risk. At the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group's and 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 Group and the Company maintain 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.



## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (iii) Risk organisation and reporting (continued)

## (b) Liquidity risk (continued)

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 Group's and of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Group and of the Company and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions. The Group maintains sufficient credit lines to ensure that all current obligations are able to be met. As at 28 February 2022, the Group and the Company have unutilised lines of credit amounting to RM4,488,000,000 (2021: RM4,713,000,000) obtained from licensed banks and financial institutions.

The table below summarises the maturity profile of the Group's and 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.

Group	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
<b>2022</b>							
<b>Financial assets</b>							
Other investments	-	-	-	-	-	25,725	25,725
Financing receivables	17.26	2,930,155	2,005,385	3,324,411	841,160	-	9,101,111
Trade receivables	-	1,508	-	-	-	-	1,508
Other receivables and deposits	-	32,613	-	-	-	-	32,613
Amount owing by related companies	-	19,235	-	-	-	-	19,235
Cash and bank balances	-	96,729	-	-	-	-	96,729
Deposits placed with licensed financial institutions	1.73	412,231	-	-	-	-	412,231
<b>Total assets</b>		<b>3,492,471</b>	<b>2,005,385</b>	<b>3,324,411</b>	<b>841,160</b>	<b>25,725</b>	<b>9,689,152</b>
<b>Financial liabilities</b>							
Unsecured term loans/financing	4.25	598,605	1,631,788	3,718,565	742,902	-	6,691,860
Senior sukuk/ Subordinated sukuk	3.87	-	-	299,384	399,252	-	698,636
Trade payables	-	26,148	-	-	-	-	26,148
Other payables and accruals	-	364,513	-	-	-	-	364,513
Amount owing to immediate holding company	-	7,731	-	-	-	-	7,731
Amount owing to related companies	-	4,842	-	-	-	-	4,842
Lease liabilities	3.81	18,941	13,188	13,609	-	-	45,738
<b>Total liabilities</b>		<b>1,020,780</b>	<b>1,644,976</b>	<b>4,031,558</b>	<b>1,142,154</b>	<b>-</b>	<b>7,839,468</b>
<b>Net liquidity gap</b>		<b>2,471,691</b>	<b>360,409</b>	<b>(707,147)</b>	<b>(300,994)</b>	<b>25,725</b>	<b>1,849,684</b>

## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(b) Liquidity risk (continued)**

Company	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
<b>2022</b>							
<b>Financial assets</b>							
Other investments	-	-	-	-	-	25,725	25,725
Financing receivables	17.26	2,930,155	2,005,385	3,324,411	841,160	-	9,101,111
Other receivables and deposits	-	32,588	-	-	-	-	32,588
Amount owing by related companies	-	19,235	-	-	-	-	19,235
Cash and bank balances	-	95,310	-	-	-	-	95,310
Deposits placed with licensed financial institutions	1.73	412,231	-	-	-	-	412,231
<b>Total assets</b>		<b>3,489,519</b>	<b>2,005,385</b>	<b>3,324,411</b>	<b>841,160</b>	<b>25,725</b>	<b>9,686,200</b>
<b>Financial liabilities</b>							
Unsecured term loans/financing	4.25	598,605	1,631,788	3,718,565	742,902	-	6,691,860
Senior sukuk/ Subordinated sukuk	3.87	-	-	299,384	399,252	-	698,636
Trade payables	-	24,331	-	-	-	-	24,331
Other payables and accruals	-	364,334	-	-	-	-	364,334
Amount owing to immediate holding company	-	7,731	-	-	-	-	7,731
Amount owing to related companies	-	4,842	-	-	-	-	4,842
Amount owing to a subsidiary company	-	1,060	-	-	-	-	1,060
Lease liabilities	3.77	18,890	13,188	13,609	-	-	45,687
<b>Total liabilities</b>		<b>1,019,793</b>	<b>1,644,976</b>	<b>4,031,558</b>	<b>1,142,154</b>	<b>-</b>	<b>7,838,481</b>
<b>Net liquidity gap</b>		<b>2,469,726</b>	<b>360,409</b>	<b>(707,147)</b>	<b>(300,994)</b>	<b>25,725</b>	<b>1,847,719</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (iii) Risk organisation and reporting (continued)

##### (b) Liquidity risk (continued)

Company	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
<b>2021</b>							
<b>Financial assets</b>							
Other 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
<b>Total assets</b>		<b>3,432,489</b>	<b>2,059,853</b>	<b>3,427,639</b>	<b>815,433</b>	<b>27,645</b>	<b>9,763,059</b>
<b>Financial liabilities</b>							
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
<b>Total liabilities</b>		<b>1,413,057</b>	<b>601,796</b>	<b>3,798,881</b>	<b>2,178,070</b>	<b>-</b>	<b>7,991,804</b>
<b>Net liquidity gap</b>		<b>2,019,432</b>	<b>1,458,057</b>	<b>(371,242)</b>	<b>(1,362,637)</b>	<b>27,645</b>	<b>1,771,255</b>

## NOTES TO THE FINANCIAL STATEMENTS

**34. 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 Group's and the Company's non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	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
<b>2022</b>							
<b>Financial liabilities</b>							
Unsecured term loans/financing	6,691,860	7,489,600	870,844	1,854,205	4,005,449	759,102	-
Senior sukuk/ Subordinated sukuk	698,636	865,813	27,000	27,073	380,438	431,302	-
Trade payables	26,148	26,148	26,148	-	-	-	-
Other payables and accruals	364,513	364,513	364,513	-	-	-	-
Amount owing to immediate holding company	7,731	7,731	7,731	-	-	-	-
Amount owing to related companies	4,842	4,842	4,842	-	-	-	-
Lease liabilities	45,738	43,782	20,478	15,206	8,098	-	-
	<b>7,839,468</b>	<b>8,802,429</b>	<b>1,321,556</b>	<b>1,896,484</b>	<b>4,393,985</b>	<b>1,190,404</b>	<b>-</b>
Company	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
<b>2022</b>							
<b>Financial liabilities</b>							
Unsecured term loans/financing	6,691,860	7,489,600	870,844	1,854,205	4,005,449	759,102	-
Senior sukuk/ Subordinated sukuk	698,636	865,813	27,000	27,073	380,438	431,302	-
Trade payables	24,331	24,331	24,331	-	-	-	-
Other payables and accruals	364,334	364,334	364,334	-	-	-	-
Amount owing to immediate holding company	7,731	7,731	7,731	-	-	-	-
Amount owing to related companies	4,842	4,842	4,842	-	-	-	-
Amount owing to a subsidiary company	1,060	1,060	1,060	-	-	-	-
Lease liabilities	45,687	43,729	20,425	15,206	8,098	-	-
	<b>7,838,481</b>	<b>8,801,440</b>	<b>1,320,567</b>	<b>1,896,484</b>	<b>4,393,985</b>	<b>1,190,404</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(b) Liquidity risk (continued)**

Company	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
<b>2021</b>							
<b>Financial liabilities</b>							
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	-

**(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 Group's and the Company's profitability, cash flows and capital preservation.

The Group's and 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 Group and the Company intend to maximise net interest income/profit revenue; and to minimise the significant volatility in relation to the Group's and the Company's assets and liabilities.

**Interest rate risk**

The Group's and 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 Group's and 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 Group and the Company borrow for their 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 Group and the Company also use 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.

## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(c) Market risk (continued)****Interest rate risk (continued)***Exposure to interest risk*

The interest rate profile of the Group's and of the Company's significant interest-banking financial instruments, based on carrying amounts as at the end of the reporting period is shown below:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>			
Financial liabilities	3,988,636	3,988,636	3,988,418
<b>Floating rate instruments</b>			
Financial liabilities	3,401,860	3,401,860	3,674,492

*Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group and the Company designate 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.

*(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.

Group	Profit or loss 2022	
	100 bps increase RM'000	100 bps decrease RM'000
Floating rate instruments	(34,019)	34,019

Company	Profit or loss			
	2022		2021	
	100 bps increase RM'000	100 bps decrease RM'000	100 bps increase RM'000	100 bps decrease RM'000
Floating rate instruments	(34,019)	34,019	(36,745)	36,745

## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(c) Market risk (continued)****Hedging activities****Cash flow hedge**

The Group and the Company have entered into cross currency interest rate swaps to hedge the variability of cash flow risk in relation to the foreign currency denominated borrowings of RM3,401,860,000 (2021: RM3,674,492,000). The cross currency interest rate swaps have the same notional value of RM3,401,860,000 (2021: RM3,674,492,000) and are to be settled in full upon maturity, on 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 RM26,057,000 (2021: RMNil) and derivative financial liabilities of RM69,655,000 (2021: RM281,903,000) that are expected to occur and affect profit or loss.

	<b>Group and Company</b>			
	<b>Expected cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 - 2 years RM'000</b>	<b>More than 2 - 7 years RM'000</b>
<b>2022</b>				
Cross currency swaps (gross settled):				
Outflow	<b>(3,830,166)</b>	<b>(436,833)</b>	<b>(784,467)</b>	<b>(2,608,866)</b>
Inflow	<b>3,524,695</b>	<b>346,452</b>	<b>702,344</b>	<b>2,475,899</b>
	<b>(305,471)</b>	<b>(90,381)</b>	<b>(82,123)</b>	<b>(132,967)</b>

	<b>Company</b>			
	<b>Expected cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 - 2 years RM'000</b>	<b>More than 2 - 7 years RM'000</b>
<b>2021</b>				
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)

**Currency risk**

The Group and the Company are exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Group and of the Company. The currency which gives rise to this risk is primarily USD and JPY.

*Risk management objectives, policies and processes for managing the risk*

The repayment of all borrowings in foreign currencies is fully hedged by cross currency interest rate swaps entered into by the Group and the Company upon initial drawdown of the borrowings.



## NOTES TO THE FINANCIAL STATEMENTS

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(iii) Risk organisation and reporting (continued)****(c) Market risk (continued)****Currency risk (continued)***Foreign currency risk management*

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts at the end of the reporting period is shown below:

	Group 2022 RM'000	Company 2022 RM'000	2021 RM'000
<b>Borrowings</b>			
Denominated in:			
- USD	(3,063,309)	(3,063,309)	(3,674,492)
- JPY	(338,551)	(338,551)	-
<b>Net exposure</b>	<b>(3,401,860)</b>	<b>(3,401,860)</b>	(3,674,492)

**Currency risk sensitivity analysis**

No sensitivity analysis is presented for USD and JPY currencies on borrowings which have been fully hedged.

**35. 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.

Group	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		
<b>2022</b>										
<b>Financial assets</b>										
Financing receivables										
- Non-current	-	-	-	-	-	-	6,129,825	6,129,825	6,129,825	6,170,956
Other investments	428	-	25,297	25,725	-	-	-	-	25,725	25,725
Derivatives financial assets	-	26,057	-	26,057	-	-	-	-	26,057	26,057
	<b>428</b>	<b>26,057</b>	<b>25,297</b>	<b>51,782</b>	<b>-</b>	<b>-</b>	<b>6,129,825</b>	<b>6,129,825</b>	<b>6,181,607</b>	<b>6,222,738</b>
<b>Financial liabilities</b>										
Term loans/financing										
- Non-current (unsecured)	-	-	-	-	-	-	6,917,327	6,917,327	6,917,327	6,791,891
Derivatives financial liabilities	-	69,655	-	69,655	-	-	-	-	69,655	69,655
	<b>-</b>	<b>69,655</b>	<b>-</b>	<b>69,655</b>	<b>-</b>	<b>-</b>	<b>6,917,327</b>	<b>6,917,327</b>	<b>6,986,982</b>	<b>6,861,546</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 35. 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	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2022</b>										
<b>Financial assets</b>										
Financing receivables	-	-	-	-	-	-	6,129,825	6,129,825	6,129,825	6,170,956
- Non-current	-	-	-	-	-	-	-	-	-	-
Other investments	428	-	25,297	25,725	-	-	-	-	25,725	25,725
Derivatives financial assets	-	26,057	-	26,057	-	-	-	-	26,057	26,057
	428	26,057	25,297	51,782	-	-	6,129,825	6,129,825	6,181,607	6,222,738
<b>Financial liabilities</b>										
Term loans/financing	-	-	-	-	-	-	6,917,327	6,917,327	6,917,327	6,791,891
- Non-current (unsecured)	-	-	-	-	-	-	-	-	-	-
Derivatives financial liabilities	-	69,655	-	69,655	-	-	-	-	69,655	69,655
	-	69,655	-	69,655	-	-	6,917,327	6,917,327	6,986,982	6,861,546
<b>2021</b>										
<b>Financial assets</b>										
Financing receivables	-	-	-	-	-	-	6,273,386	6,273,386	6,273,386	6,302,925
- Non-current	-	-	-	-	-	-	-	-	-	-
Other 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
<b>Financial liabilities</b>										
Term loans/financing	-	-	-	-	-	-	6,752,430	6,752,430	6,752,430	6,542,946
- Non-current (unsecured)	-	-	-	-	-	-	-	-	-	-
Derivatives financial liabilities	-	281,903	-	281,903	-	-	-	-	281,903	281,903
	-	281,903	-	281,903	-	-	6,752,430	6,752,430	7,034,333	6,824,849

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.

## NOTES TO THE FINANCIAL STATEMENTS

**35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

## (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 Group and the Company for similar instruments.

## (iii) Derivative financial instruments

The fair value of cross currency swap derivatives is the estimated amount that the Group and the Company would receive or pay to terminate the contracts at the end of reporting period 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) Other investments

The fair value of other investments is 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.

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:

	<b>Group 2022 RM'000</b>	<b>Company 2022 RM'000</b>	<b>2021 RM'000</b>
At 1 March	<b>27,645</b>	<b>27,645</b>	48,699
Changes in fair value recognised in other comprehensive income	<b>(2,348)</b>	<b>(2,348)</b>	(21,054)
At 28 February	<b>25,297</b>	<b>25,297</b>	27,645

Fair value of the Group's and of the Company's financial assets that are measured at fair value on a recurring basis.

The Group's and 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).

## NOTES TO THE FINANCIAL STATEMENTS

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

## (v) Other financial instruments (continued)

Financial assets	Fair value 2022 RM'000	Fair value 2021 RM'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Other investments	25,297	27,645	Level 3	Technique: Discounted cash flows  Key inputs: • Discount rate • Terminal growth rate • Discount for lack of control	Discount rate: 5.78% - 10.10% (2021: 6.25% - 10.50%)  Terminal growth rate: 3.69% - 8.52% (2021: 2.40% - 5.00%)  Discount for lack of control: 90.00% - 95.00% (2021: 60.00% - 75.00%)	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.

## 36. CAPITAL MANAGEMENT

The Group'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 Group and the Company have complied with debt-to-equity ratio requirement of less than 5.25:1. The debt-to-equity ratio in year 2022 and 2021 are as follows:

	Group 2022 RM'000	Company 2022 RM'000	Company 2021 RM'000
Total borrowings	7,390,496	7,390,496	7,662,910
Less: Cash, bank balances and deposits	(508,960)	(507,541)	(439,549)
Net debt	6,881,536	6,882,955	7,223,361
Total equity	2,201,286	2,198,581	1,893,192
Debt-to-equity ratio	3.13	3.13	3.82

## NOTES TO THE FINANCIAL STATEMENTS

**37. ACQUISITION OF SUBSIDIARY AND GOODWILL ON CONSOLIDATION****Goodwill on consolidation arising on acquisition of a subsidiary company**

During the financial year, the Company acquired 100% equity interest in Insurepro, representing 1,440,000 ordinary shares for a purchase consideration of RM489,000. As a result, Insurepro become a wholly-owned subsidiary of the Company.

	<b>Insurepro Sdn. Bhd. RM'000</b>
Cash consideration	489
Less: Fair value of identifiable net assets acquired	(123)
Add: Fair value of identifiable net liabilities acquired	145
Goodwill on consolidation arising on acquisition	511

The fair value of identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary company on 30 September 2021 are as follows:

	<b>Insurepro Sdn. Bhd. RM'000</b>
Non-current assets	(11)
Current assets	(112)
Current liabilities	145
Net assets acquired	22

Net cash outflow on the acquisition of the subsidiary company is as follows:

	<b>Insurepro Sdn. Bhd. RM'000</b>
Consideration paid in cash	489
Less: Cash and bank balances acquired	(40)
Net cash outflow on acquisition	449

The acquisition of Insurepro did not have a material impact on the financial statement of the Group.

**38. SIGNIFICANT SUBSEQUENT EVENT**

The Company, together with its Joint Venture ("JV") consortium parties AEON Financial Service Co., Ltd. (immediate holding company) and MoneyLion Inc. ("MLI") submitted a joint application for an Islamic Digital Bank ("IDB") Licence to Bank Negara Malaysia ("BNM").

On 29 April 2022, the Company was notified by BNM that the Minister of Finance has approved the issuance of an IDB Licence to a company to be formed by the JV consortium parties.

## 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 Group and of the Company as at 28 February 2022 and of the financial performance and the cash flows of the Group and 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 10 May 2022.

**NG ENG KIAT**

**DAISUKE MAEDA**

Kuala Lumpur  
10 May 2022

## 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 10<sup>th</sup> day of May, 2022.

Before me,

**WOON MEE CHIN**

No. W538

COMMISSIONER FOR OATHS

Kuala Lumpur

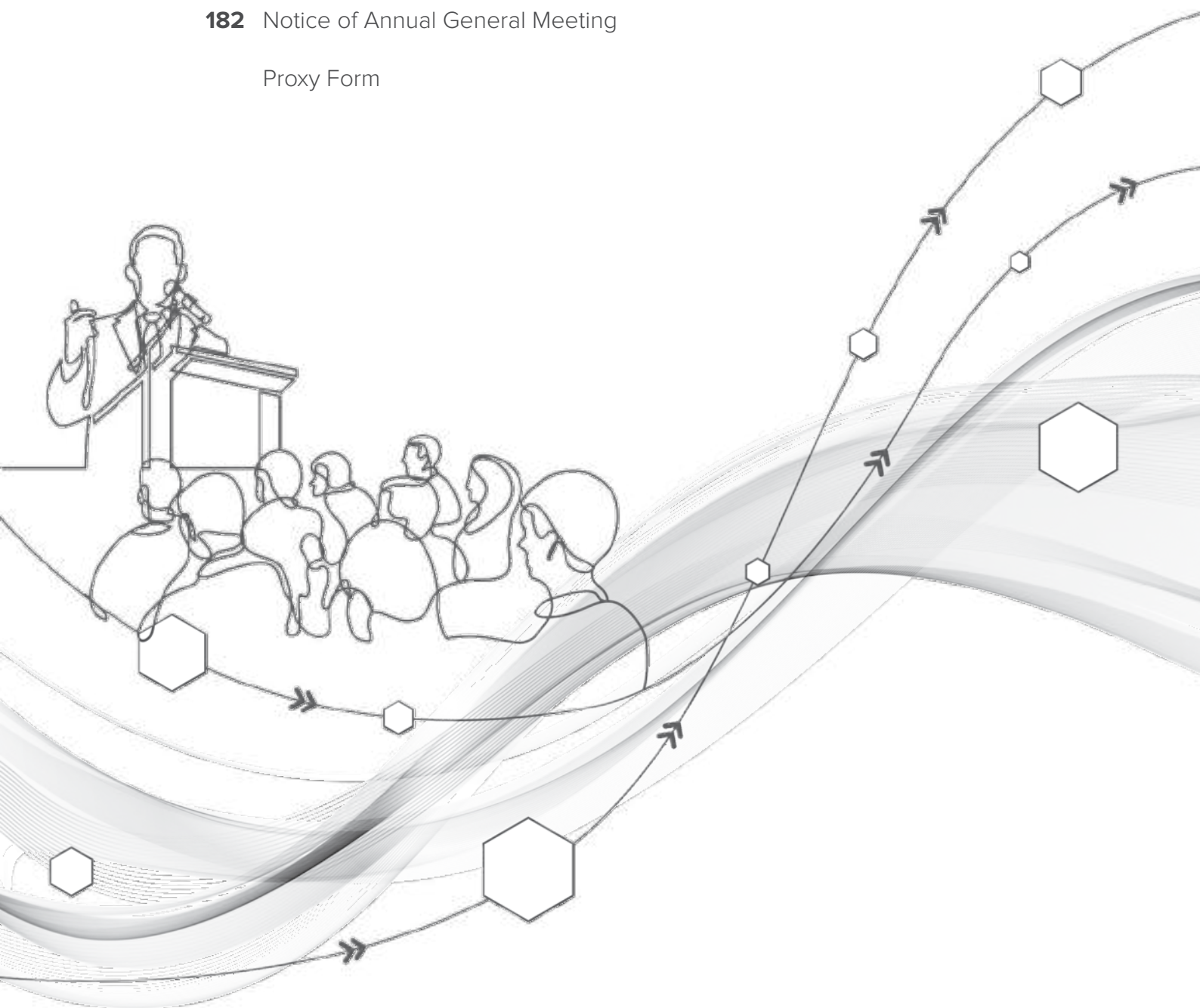
# Other Information

**176** Analysis of Shareholdings

**178** GRI Content Index

**182** Notice of Annual General Meeting

Proxy Form





## ANALYSIS OF SHAREHOLDINGS

### STATISTICS ON SHAREHOLDINGS AS AT 28 APRIL 2022

Paid-up share capital	:	RM584,011,570
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	5,528

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	694	12.55	11,477	0.00
100 - 1,000	2,299	41.59	1,198,983	0.47
1,001 - 10,000	1,919	34.71	6,667,090	2.61
10,001 - 100,000	493	8.92	14,266,410	5.59
100,001 - to less than 5% of issued shares	122	2.21	76,146,478	29.83
5% and above of issued shares	1	0.02	157,017,252	61.50
<b>Total</b>	<b>5,528</b>	<b>100.00</b>	<b>255,307,690</b>	<b>100.00</b>

### 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
3.	ABRDN PLC (FORMERLY KNOWN AS STANDARD LIFE ABERDEEN PLC)	-	-	13,372,638**	5.24
4.	ABERDEEN ASSET MANAGEMENT PLC	-	-	13,372,638**	5.24

#### Note

\* Deemed interested in the shares held by AEON Financial Service Co., Ltd and, AEON CO. (M) BHD by virtue of Section 8 of the Companies Act 2016.

\*\* Deemed interested in the shares held by BNP Paribas Securities Services, Citibank N.A., Citibank Berhad and Malayan Banking Berhad by virtue of Section 8(4)(c) 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.	Daisuke Maeda	-	-
3.	Tomokatsu Yoshitoshi	-	-
4.	S Sunthara Moorthy A/L S Subramaniam	-	-
5.	Datuk Adinan bin Maning	-	-
6.	Datin Khoo Pek Ling	-	-
7.	Datin Yasmin Ahmad Merican	20,000	0.01
8.	Rashidah binti Abu Bakar	-	-
9.	Mitsugu Tamai	-	-
10.	Lee Tyan Jen	42,257	0.02

## LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 28 APRIL 2022

No.	Name	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO., LTD.	157,017,252	61.50
2.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND	5,009,000	1.96
3.	AEON CO. (M) BHD.	4,644,000	1.82
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	4,527,819	1.77
5.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	4,369,100	1.71
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	4,108,124	1.61
7.	HSBC NOMINEES (ASING) SDN BHD BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	3,705,146	1.45
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	2,995,154	1.17
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)	2,405,700	0.94
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	2,227,200	0.87
12.	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR JPMORGAN FUNDS	1,484,586	0.58
13.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,407,100	0.55
14.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND TCTA FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	1,196,060	0.47
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	1,105,408	0.43
16.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	1,072,080	0.42
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN ABSR EQ)	1,016,000	0.40
18.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	943,200	0.37
19.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	913,100	0.36
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MEDICAL FUND (IFM AFFINHWANG) (410222)	878,300	0.34
21.	MOTOYA OKADA	864,000	0.34
22.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	852,638	0.33
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	839,700	0.33
24.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	835,500	0.33
25.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)	820,000	0.32
26.	LEONG LI NAR	800,387	0.31
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	760,300	0.30
28.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	720,100	0.28%
29.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	713,540	0.28
30.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR AVANDA GLOBAL MULTI-ASSET MASTER FUND	708,800	0.28
TOTAL		211,370,494	82.77

## GRI CONTENT INDEX

AEON Credit has reported the information cited in this GRI Content Index for the period 1 March 2021 - 28 February 2022 with reference to GRI standards

GRI Standard	Section	Page number
<b>GRI 2 General Disclosures 2021</b>		
<b>1. The Organisation and its reporting practices</b>		
<b>2-1 Organisational details</b>	(a) About AEON Credit Service (M) Berhad (b) Corporate Information (c) AEON Credit Branch/Counter Network/E-Money Kiosk	(a) 06 (b) 05 (c) 14
<b>2-2 Entities included in sustainability reporting</b>	About This Report, Scope And Boundary	02
<b>2-3 Reporting period, frequency and contact point</b>	(a) About This Report, Scope and Boundary (b) About This Report, Opportunities For Feedback (c) Sustainability Statement (SS), Introduction	(c) 60
<b>2-4 Restatements of information</b>	No restatement of information reported from previous reporting period	Not Applicable
<b>2. Activities and workers</b>		
<b>2-6 Activities, value chain and other business relationships</b>	(a) About AEON Credit Service (M) Berhad (b) Overview of AEON Credit	(a) 06 (b) 07
<b>2-7 Employees</b>	SS, Employee Benefits, Employee Engagement Programmes, Workforce Diversity	71 - 73
<b>2-8 Workers who are not employees</b>	SS, Employee Health, Safety & Well-being, Occupational Safety and Health	70
<b>3. Governance</b>		
<b>2-9 Governance structure and composition</b>	(a) Corporate Governance Overview Statement (CGOS): (i) Board Committees (ii) Board Composition, Balance and Diversity (b) Board of Directors and Key Leadership (c) SS, Sustainability Governance	(a) (i) 81 (ii) 80  (b) 48 - 56 (c) 61
<b>2-10 Nomination and selection of the highest governance body</b>	CGOS, Board Composition, Balance And Diversity	80
<b>2-11 Chair of the highest governance body</b>	CGOS, Board Responsibilities And Senior Leadership Oversight	78 - 79
<b>2-12 Role of the highest governance body in overseeing the management of impacts</b>	(a) CGOS, Board Responsibilities And Senior Leadership Oversight (b) CGOS, Sustainability (c) SS, Sustainability Governance (d) Stakeholder Engagement and Material Sustainability Matters	(a) 78 - 79 (b) 81 (c) 61 (d) 40 - 44
<b>2-13 Delegation of responsibility for managing impacts</b>	(a) CGOS, Board Committees (b) SS, Sustainability Governance	(a) 81 (b) 61

GRI Standard		Section	Page number
GRI 2 General Disclosures 2021 (cont'd)			
3. Governance (cont'd)			
2-14	Role of highest governance body in sustainability reporting	(a) CGOS, Board Risk Committee (b) SS, Sustainability Governance	(a) 87 (b) 61
2-15	Conflicts of interest	CGOS, Board Responsibilities And Senior Leadership Oversight	78 - 79
2-16	Communication of critical concern	(a) CGOS: (i) Board Committees (ii) Whistle-Blowing Policy (b) SS, Whistle-Blowing Channels	(a) (i) 81 (ii) 85 (b) 65
2-17	Collective knowledge of the highest governance body	CGOS, Directors' Training	83 - 84
2-18	Evaluation of the performance of the highest governance body	CGOS, Nominating Committee	82 - 83
2-19	Remuneration policies	CGOS, Remuneration Of Directors and Senior Management	81 - 82
2-20	Process to determine remuneration	(a) CGOS, Remuneration Of Directors and Senior Management (b) SS, Employee Benefits, Employee Engagement Programmes, Remuneration and Employee Benefits	(a) 81 - 82 (b) 74
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Chairman's Statement	23 - 27
2-23	Policy commitments	(a) CGOS, Sustainability (b) SS, Our Approach To Sustainability (c) SS, Sustainability Governance (d) Stakeholder Engagement and Material Sustainability Matters	(a) 81 (b) 60 (c) 61 (d) 40 - 44
2-24	Embedding policy commitments	SS: (a) Conduct And Trust (b) Customer Experience (c) Digital Product And Service Transformation (d) Employee Health, Safety & Well-being (e) Environmental Stewardship (f) Contributing to Communities	(a) 63 - 66 (b) 67 - 68 (c) 69 (d) 70 - 75 (e) 76 (f) 77
2-25	Processes to remediate negative impacts	(a) CGOS, Whistle-Blowing Policy (b) SS, Conduct And Trust	(a) 85 (b) 63 - 66
2-26	Mechanisms for seeking advice and raising concerns	(a) CGOS, Whistle-Blowing Policy (b) Stakeholder Engagement and Material Sustainability Matters (c) SS, Conduct and Trust	(a) 85 (b) 40 - 44 (c) 63 - 66
2-27	Compliance with laws and regulations	SS, Conduct And Trust, Compliance	64 - 65
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement and Material Sustainability Matters	40 - 44

## GRI CONTENT INDEX

GRI Standard		Section	Page number
<b>GRI 201: Economic Performance 2016</b>			
<b>201-1</b>	<b>Direct economic value generated and distributed</b>	Statement Of Profit Or Loss And Other Comprehensive Income	112
<b>GRI 202: Market Presence 2016</b>			
<b>202-2</b>	<b>Proportion of senior management hired from the local community</b>	(a) CGOS, Board Composition, Balance And Diversity (b) SS, Employee Benefits, Employee Engagement Programmes, Workforce Diversity	(a) 80 (b) 71 - 73
<b>GRI 204: Procurement Practices 2016</b>			
<b>204-1</b>	<b>Proportion of spending on local suppliers</b>	SS, Conduct And Trust, Transparency in Procurement Process	66
<b>GRI 205: Anti-corruption 2016</b>			
<b>205-1</b>	<b>Operations assessed for risks related to corruption</b>	(a) SS, Conduct & Trust, Anti-Bribery Management System (b) CGOS, Anti-Bribery Policy and Gift Policy (c) Audit Committee Report, Internal Audit Function	(a) 64 (b) 86 (c) 93
<b>205-2</b>	<b>Communication and training about anti-corruption policies and procedures</b>	SS, Conduct And Trust, Anti-Bribery Management System	64
<b>GRI 3 Material Topics 2021</b>			
<b>3-1</b>	<b>Process to determine material topics</b>	Material Sustainability Matters	43 - 44
<b>3-2</b>	<b>List of material topics</b>	Material Sustainability Matters	43 - 44
<b>3-3</b>	<b>Management of material topics</b>	SS: (a) Sustainability Governance (b) Sustainability Pillars (c) Conduct And Trust (d) Customer Experience (e) Digital Product And Service Transformation (f) Employee Health, Safety & Well-being (g) Environmental Stewardship (h) Contributing to Communities	(a) 61 (b) 62 (c) 63 - 66 (d) 67 - 68 (e) 69 (f) 70 - 75 (g) 76 (h) 77
<b>GRI 302: Energy 2016</b>			
<b>302-1</b>	<b>Energy consumption within the organisation</b>	Environmental Stewardship, Responsible Consumption	76
<b>GRI 401: Employment 2016</b>			
<b>401-1</b>	<b>New employee hires and employee turnover</b>	SS, Employee Benefits, Employee Engagement Programmes, Workforce Diversity	71 - 73
<b>401-2</b>	<b>Benefits provided to full-time employees that are not provided to temporary or parttime employees</b>	SS, Employee Benefits, Employee Engagement Programmes, Remuneration and Employee Benefits	74
<b>401-3</b>	<b>Parental leave</b>	SS, Employee Benefits, Employee Engagement Programmes, Remuneration and Employee Benefits	74

GRI Standard		Section	Page number
<b>GRI 403: Occupational Health and Safety 2018</b>			
<b>403-1</b>	<b>Occupational health and safety management system</b>	SS, Employee Health, Safety & Well-being, Occupational Safety and Health	70 - 71
<b>403-2</b>	<b>Hazard identification, risk assessment, and incident investigation</b>	SS, Employee Health, Safety & Well-being, Occupational Safety and Health	70 - 71
<b>403-5</b>	<b>Worker training on occupational health and safety</b>	SS, Employee Health, Safety & Well-being, Occupational Safety and Health	70 - 71
<b>403-6</b>	<b>Promotion of worker health</b>	(a) SS, Employee Benefits, Employee Engagement Programmes, Remuneration and Employee Benefits	(a) 74
		(b) SS, Employee Benefits, Employee Engagement Programmes, COVID-19 Prevention Measures	(b) 70 - 71
<b>403-8</b>	<b>Workers covered by an occupational health and safety management system</b>	SS, Employee Health, Safety & Well-being, Occupational Safety and Health	70 - 71
<b>GRI 404: Training and Education 2016</b>			
<b>404-1</b>	<b>Average hours of training per year per employee</b>	SS, Employee Benefits, Employee Engagement Programmes, Employee Training	74
<b>404-2</b>	<b>Programmes for upgrading employee skills and transition assistance programmes</b>	SS, Employee Benefits, Employee Engagement Programmes, Employee Training	74
<b>404-3</b>	<b>Percentage of employees receiving regular performance and career development reviews</b>	SS, Employee Benefits, Employee Engagement Programmes, Employee Engagement	75
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
<b>405-1</b>	<b>Diversity of governance bodies and employees</b>	SS, Employee Benefits, Employee Engagement Programmes, Workforce Diversity	71 - 73
<b>GRI 413: Local Communities 2016</b>			
<b>413-1</b>	<b>Operations with local community engagement, impact assessments, and development programmes</b>	SS, Contributing To Communities, Strategic Community Investment	77
<b>GRI 415: Public Policy 2016</b>			
<b>415-1</b>	<b>Political contributions</b>	SS, Conduct And Trust, Anti-Bribery Management System	64

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting (“25<sup>th</sup> AGM”) of AEON Credit Service (M) Berhad will be conducted as a virtual meeting through livestreaming and online voting via the Remote Participation and Electronic Voting (“RPEV”) facilities for the purpose of considering and if thought fit, passing with or without modifications the resolutions as set out in this Notice.

Date	: Wednesday, 29 June 2022
Time	: 10.30 a.m.
Meeting Platform	: <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
Broadcast Venue	: VE Hotel & Residence Kuala Lumpur, Invent Room, Level M3, Bangsar South City No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
Mode of Communication	: (i) Submit questions to the Board prior to the 25 <sup>th</sup> AGM by emailing to <a href="mailto:ir_info@aeoncredit.com.my">ir_info@aeoncredit.com.my</a> no later than 10.30 a.m. on Friday, 24 June 2022. (ii) Submit questions to the Board via real time submission of typed texts at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a> during livestreaming of the 25 <sup>th</sup> AGM.

### AGENDA

#### AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 28 February 2022 together with the Reports of the Directors and Auditors thereon.  
*(Please refer to Explanatory Notes (i))*
- To approve the payment of a final dividend of 15.00 sen per ordinary share and a special dividend of 5.00 sen per ordinary share in respect of the financial year ended 28 February 2022.  
**Ordinary Resolution 1**
- To approve the Directors’ Fees up to an aggregate amount of RM1.497 million in respect of the financial year ended 28 February 2022 and payments thereof.  
**Ordinary Resolution 2**
- To approve the payment of Benefits Payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 30 June 2022 until the next AGM of the Company in year 2023.  
**Ordinary Resolution 3**  
*(Please refer to the Explanatory Notes (ii))*
- To re-elect the following Directors who are retiring pursuant to Clause 148 of the Constitution of the Company:
  - Ng Eng Kiat
  - 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
  - Lee Tyan Jen  
**Ordinary Resolution 4**  
**Ordinary Resolution 5**  
**Ordinary Resolution 6**  
**Ordinary Resolution 7**  
**Ordinary Resolution 8**  
**Ordinary Resolution 9**  
**Ordinary Resolution 10**  
**Ordinary Resolution 11**
- To re-elect the following Directors who are retiring pursuant to Clause 153 of the Constitution of the Company:
  - Daisuke Maeda
  - Mitsugu Tamai  
**Ordinary Resolution 12**  
**Ordinary Resolution 13**  
*(Please refer to Explanatory Notes (iii))*
- To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  
**Ordinary Resolution 14**



**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions:

**8. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares**

“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.”

**Ordinary Resolution 15**

*(Please refer to Explanatory Notes(iv))*

**9. Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

“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 26 May 2022 (“Circular”) with the related parties mentioned therein which are necessary for the day-to-day operations of the Company.

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.”

**Ordinary Resolution 16**

*(Please refer to Explanatory Notes (v))*

10. 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 25<sup>th</sup> AGM, a final dividend of 15.00 sen per ordinary share and a special dividend of 5.00 sen per ordinary share in respect of the financial year ended 28 February 2022 will be paid to shareholders on 21 July 2022. The entitlement date for the said dividend shall be 7 July 2022.

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 7 July 2022 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: 26 May 2022

### NOTES:

1. As part of the continuing measures to curb the spread of COVID-19, the Company will conduct the 25<sup>th</sup> AGM on a virtual basis through livestreaming and online voting using RPEV facilities at <https://meeting.boardroomlimited.my>. Kindly refer to the attached Administrative Details for the 25<sup>th</sup> AGM of the Company for more information.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which specifies that the Chairman of the Meeting shall be present at the main venue of the 25<sup>th</sup> AGM and in accordance with Clause 86 of the Company's Constitution which allows a meeting of members to be held at more than one (1) venue, using any technology or method so that all members of the Company can participate and be able to exercise their rights to participate and vote at the general meeting. The Broadcast Venue of the 25<sup>th</sup> AGM is to inform members where the electronic 25<sup>th</sup> AGM production and livestreaming would be conducted from. No shareholder or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the 25<sup>th</sup> AGM.
3. As the 25<sup>th</sup> AGM will be conducted via a virtual meeting platform, a member who is not able to participate in the AGM may appoint the Chairman of the 25<sup>th</sup> AGM 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 the 25<sup>th</sup> AGM 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 25<sup>th</sup> AGM, 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 or 11<sup>th</sup> 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 electronically submitted via e-mail to [bsr.helpdesk@boardroomlimited.com](mailto: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://investor.boardroomlimited.com> (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 20 June 2022 (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 25<sup>th</sup> AGM will be put to vote by way of poll.

## 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 30 June 2022 until the next AGM of the Company in year 2023

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 Resolutions 4 to 13 on the Re-election of Directors

The performance of each Director who is recommended for re-election has been assessed through the Board's annual evaluation. The Nominating Committee and the Board of Directors are satisfied with the performance, contribution and effectiveness of the Directors who are due for retirement. The retiring Directors being eligible, have offered themselves for re-election at the 25<sup>th</sup> AGM.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 4 to 13 are set out in the Board of Directors' profiles of the Integrated Annual Report 2022.

### (iv) Ordinary Resolution 15 - 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-Fourth AGM held on 23 June 2021, 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 15 proposed under item 8 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).

### (v) Ordinary Resolution 16 - Proposed Shareholders' Mandate

Ordinary Resolution 16 proposed under item 9 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 without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. 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 26 May 2022.

## 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.*

This page is intentionally left blank.



**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/Passport No. \_\_\_\_\_)

of \_\_\_\_\_ (full address/email/tel no.)

and/or failing him/her, (name in full and in block letters) \_\_\_\_\_ (NRIC/Passport 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-Fifth Annual General Meeting ("25<sup>th</sup> AGM") of the Company to be held as a virtual meeting through livestreaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at the broadcast venue at VE Hotel & Residence Kuala Lumpur, Invent Room, Level M3, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 June 2022 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
<b>ORDINARY BUSINESS</b>			
Ordinary Resolution 1	Approval of the payment of a final dividend of 15.00 sen per ordinary share and a special dividend of 5.00 sen per ordinary share in respect of the financial year ended 28 February 2022		
Ordinary Resolution 2	Approval of the payment of Directors' Fees of up to an aggregate amount of RM1.497 million in respect of the financial year ended 28 February 2022		
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 30 June 2022 until the next AGM of the Company in year 2023		
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-election of Daisuke Maeda		
Ordinary Resolution 13	Re-election of Mitsugu Tamai		
Ordinary Resolution 14	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
<b>SPECIAL BUSINESS</b>			
Ordinary Resolution 15	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
Ordinary Resolution 16	Proposed Renewal of Existing Shareholders' Mandate for 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 \_\_\_\_\_ 2022.

<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 : _____ Securities Account No.: _____ (CDS Account No.) (Compulsory)</p> <p>Contact No. : _____ Email address : _____ 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 In its capacity as member/attorney of member/authorised nominee of _____ (beneficial owner)</p> <p>_____ Director/Secretary</p>	<p>Seal</p> <p>No. of shares held : _____ Securities Account No.: _____ (CDS Account No.) (Compulsory)</p> <p>Contact No. : _____ Email address : _____ Date : _____</p>

\* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

Please fold here

Postage  
Stamp

The Share Registrar

**AEON CREDIT SERVICE (M) BERHAD**

(Registration No. 199601040414 (412767-V))

Boardroom Share Registrars Sdn. Bhd.

11<sup>th</sup> Floor, Menara Symphony,

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Please fold here

**Notes:-**

1. As part of the continuing measures to curb the spread of COVID-19, the Company will conduct the 25<sup>th</sup> AGM on a virtual basis through livestreaming and online voting using RPEV at <https://meeting.boardroomlimited.my>. Kindly refer to the attached Administrative Details for the 25<sup>th</sup> AGM of the Company for more information.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which specifies that the Chairman of the Meeting shall be present at the main venue of the 25<sup>th</sup> AGM and in is accordance with Clause 86 of the Company's Constitution which allows a meeting of members to be held at more than one (1) venue, using any technology or method so that all members of the Company can participate and be able to exercise their rights to participate and vote at the general meeting. The Broadcast Venue of the 25<sup>th</sup> AGM is to inform members where the electronic 25<sup>th</sup> AGM production and livestreaming would be conducted from. No shareholder or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the 25<sup>th</sup> AGM.
3. As the 25<sup>th</sup> AGM will be conducted via a virtual meeting platform, a member who is not able to participate in the AGM may appoint the Chairman of the 25<sup>th</sup> AGM 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 the 25<sup>th</sup> AGM 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 25<sup>th</sup> AGM, 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 or 11<sup>th</sup> 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 electronically submitted via e-mail to [bsr.helpdesk@boardroomlimited.com](mailto: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://investor.boardroomlimited.com> (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 20 June 2022 (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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 25<sup>th</sup> 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 25<sup>th</sup> AGM dated 26 May 2022.





**AEON CREDIT SERVICE (M) BERHAD**

Registration No. 199601040414 (412767-V)

Level 18, UOA Corporate Tower  
Avenue 10, The Vertical, Bangsar South City  
8, Jalan Kerinchi, 59200 Kuala Lumpur  
Tel: 03-2772 9000 Fax: 03-2711 4110  
Email: [ir\\_info@aeoncredit.com.my](mailto:ir_info@aeoncredit.com.my)

**[www.aeoncredit.com.my](http://www.aeoncredit.com.my)**